



BAYER AKTIENGESELLSCHAFT

(incorporated in the Federal Republic of Germany)
as Issuer

EUR 1,750,000,000
Subordinated Resetable Fixed Rate Notes due 2075
and
EUR 1,500,000,000
Subordinated Resetable Fixed Rate Notes due 2074

Bayer Aktiengesellschaft (the "**Issuer**" or "**Bayer AG**" and together with its consolidated subsidiaries, the "**Bayer Group**", "**Group**" or "**Bayer**") will issue EUR 1,750,000,000 in aggregate principal amount of subordinated notes subject to interest rate reset with a first call date on July 1, 2020 (the "**NC6 Notes**") and EUR 1,500,000,000 in aggregate principal amount of subordinated notes subject to interest rate reset with a first call date on July 1, 2024 (the "**NC10 Notes**" and, together with the NC6 Notes, the "**Notes**") in a denomination of EUR 1,000 each on July 1, 2014 (the "**Issue Date**") at an issue price of 100 % of their principal amount in respect of the NC6 Notes and 100 % of their principal amount in respect of the NC10 Notes (the "**Offering**").

The NC6 Notes will bear interest on their principal amount (i) from and including July 1, 2014 (the "**NC6 Interest Commencement Date**") to but excluding July 1, 2020 (the "**NC6 First Call Date**") at a rate of 3.00 % per annum; (ii) from and including the NC6 First Call Date to but excluding July 1, 2024 (the "**First NC6 Step-up Date**") at the relevant 5-year swap rate for the relevant reset period plus a margin of 217.6 basis points per annum; (iii) from and including the First NC6 Step-up Date to but excluding July 1, 2040 (the "**Second NC6 Step-up Date**") at the relevant 5-year swap rate for the relevant reset period plus a margin of 242.6 basis points per annum; and (iv) from and including the Second NC6 Step-up Date to but excluding the Maturity Date at the relevant 5-year swap rate for the relevant reset period plus a margin of 317.6 basis points per annum.

The NC10 Notes will bear interest on their principal amount (i) from and including July 1, 2014 (the "**NC10 Interest Commencement Date**") to but excluding July 1, 2024 (the "**First NC10 Step-up Date**" or the "**NC10 First Call Date**") at a rate of 3.75 % per annum; (ii) from and including the First NC10 Step-up Date to but excluding July 1, 2044 (the "**Second NC10 Step-up Date**") at the relevant 5-year swap rate for the relevant reset period plus a margin of 255 basis points per annum; and (iii) from and including the Second NC10 Step-up Date to but excluding the Maturity Date at the relevant 5-year swap rate for the relevant reset period plus a margin of 330 basis points per annum.

During each period, interest will be paid annually in arrears on July 1 of each year (each an "**Interest Payment Date**"), commencing on July 1, 2015. The Issuer will be entitled to defer payments of interest on any Interest Payment Date ("**Arrears of Interest**") and may pay such Arrears of Interest voluntarily at any time, but only has to pay such Arrears of Interest under certain circumstances as laid out in the terms and conditions of the NC6 Notes (the "**NC6 Conditions**") and the terms and conditions of the NC10 Notes (the "**NC10 Conditions**" and, together with the NC6 Conditions, the "**Conditions**"), as applicable.

Each series of Notes will be redeemable in whole but not in part at the option of the Issuer at their principal amount plus accrued and unpaid interest and upon payment of any outstanding Arrears of Interest on the NC6 First Call Date for the NC6 Notes, on the NC10 First Call Date for the NC10 Notes and on any respective Interest Payment Date thereafter. The Issuer may also redeem each series separately in whole but not in part at any time before the respective first call dates following a Rating Event, a Tax Deductibility Event, a Gross-up Event or an Acquisition Event at the Early Redemption Amount (each as defined in the applicable

Conditions). Additionally, the Issuer may redeem each series separately, in whole but not in part, if the Issuer has purchased or redeemed at least 80% of the originally issued aggregate principal amount of the Notes of such series.

Each series of Notes will initially be represented by a temporary global note, without interest coupons, which will be exchangeable in whole or in part for a permanent global note without interest coupons, not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Notes will be issued in bearer form with a denomination of EUR 1,000 each.

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market. The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on Markets in Financial Instruments, as amended.

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended from time to time (the "**Prospectus Directive**").

By approving a prospectus, the *Commission de Surveillance du Secteur Financier* (the "**Commission**") shall give no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the issuer pursuant to Article 7(7) *Loi relative aux prospectus pour valeurs mobilières*.

This Prospectus has been approved by the Commission, has been filed with said authority and will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Notes are expected to be rated BBB by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies ("**S&P**") and Baa2 by Moody's Investors Service Ltd. ("**Moody's**") and, together with S&P, the "**Rating Agencies**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization. As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "**CRA Regulation**"). In general, European regulated investors are restricted from using a credit rating for regulatory purposes if such credit rating is not issued by a rating agency established in the European Union and registered under the CRA Regulation. A list of credit rating agencies registered under the CRA Regulation is available for viewing at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

Structuring Adviser

BNP PARIBAS

Joint Bookrunners

Barclays	BNP PARIBAS	Citigroup	HSBC
Banco Bilbao Vizcaya Argentaria, S.A.	BofA Merrill Lynch	Commerzbank	Crédit Agricole CIB
Credit Suisse	Deutsche Bank	Goldman Sachs International	J.P. Morgan
Mitsubishi UFJ Securities	Mizuho Securities	Santander Global Banking & Markets	SMBC Nikko
Société Générale Corporate & Investment Banking	The Royal Bank of Scotland		UniCredit Bank
<i>Co-Managers</i>			
ANZ	BNY Mellon Capital Markets EMEA	BayernLB	Helaba Frankfurt
ING	Banca IMI		SEB

RESPONSIBILITY STATEMENT

Bayer AG with its registered office in Leverkusen is solely responsible for the information given in this Prospectus and for the information relating to the Notes.

The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Prospectus should be read and understood in conjunction with all documents incorporated herein by reference.

The Issuer has confirmed to Barclays Bank plc, BNP Paribas, Citigroup Global Markets Limited, HSBC Bank plc, Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Banking, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, J.P. Morgan Securities plc, Merrill Lynch International, Mitsubishi UFJ Securities International plc, Mizuho International plc, The Royal Bank of Scotland plc, SMBC Nikko Capital Markets Limited, Société Générale and UniCredit Bank AG (the "**Joint Bookrunners**") and Australia and New Zealand Banking Group Limited, Banca IMI S.p.A., BNY Mellon Capital Markets EMEA Limited, Bayerische Landesbank, Landesbank Hessen-Thüringen Girozentrale, ING Bank N.V. Belgian Branch and Skandinaviska Enskilda Banken AB (together, the "**Co-Managers**" and, together with the Joint Bookrunners, the "**Managers**") that this Prospectus contains all information which, according to the particular nature of the Issuer and of the Notes offered to the public or admitted to trading on a regulated market, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the Issuer, and of the rights attaching to the Notes; that the information contained herein with respect to the Issuer and the Notes is accurate in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts, the omission of which would make any statement, whether fact or opinion, in this Prospectus misleading in any material respect; and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained herein.

NOTICE

No person has been authorized to give any information or to make any representation not contained in or not consistent with this Prospectus and, if given or made, such information or representation, if given or made, must not be relied upon as having been authorized by the Issuer or the Managers.

Neither the Managers nor any other person mentioned in this Prospectus, excluding the Issuer, is responsible for the information contained in this Prospectus, or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

This Prospectus reflects the status as of its date of issue. The distribution of this Prospectus and the offering, sale or delivery of the Notes may not be taken as an implication that the information contained herein is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial situation of the Issuer since the date hereof.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus come are required to inform themselves about and observe any such restrictions. For a description of the restrictions applicable in the United States of America, the United Kingdom, The Netherlands and the European Economic Area see "*Selling Restrictions*". In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to tax law requirements of the United States of America; subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of U.S. persons.

This Prospectus may not be used for the purpose of an offer or solicitation (i) by anyone in any jurisdiction in which such offer or solicitation is not authorized or (ii) to any person to whom it is unlawful to make such an offer or solicitation.

IN CONNECTION WITH THE ISSUE OF THE NOTES, BNP PARIBAS (THE "STABILISING MANAGER") (OR PERSON(S) ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN AT ANY TIME AFTER ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

The language of the Prospectus is English. The German versions of the English language sets of Conditions are shown in the Prospectus for additional information. As to form and content, and all rights and obligations of the Holders and the Issuer under the Notes to be issued, German is the controlling legally binding language.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events but is based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "*anticipate*", "*believe*", "*could*", "*estimate*", "*expect*", "*intend*", "*may*", "*plan*", "*predict*", "*project*", "*will*" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding the Bayer Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including the Bayer Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Bayer Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*Risk Factors*" and "*Bayer AG*". These sections include more detailed descriptions of factors that might have an impact on the Bayer Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Managers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

CONSENT TO THE USE OF THE PROSPECTUS

The Issuer does not consent to the use of the Prospectus for the subsequent resale or final placement of the Notes.

TABLE OF CONTENTS

	Page
Summary	6
Section A Introduction and Warnings	6
Section B Bayer AG	7
Section C The Notes	10
Section D Risks specific to Bayer AG	15
Section D Risks specific to the Notes	16
Section E Offer of the Notes	18
German Translation of the Summary	19
Abschnitt A Einleitung und Warnhinweise	19
Abschnitt B Bayer AG	20
Abschnitt C Die Schuldverschreibungen	24
Abschnitt D Risiken hinsichtlich Bayer	30
Abschnitt D Risiken hinsichtlich der Schuldverschreibungen	31
Abschnitt E Angebot von Schuldverschreibungen	34
Risk Factors	35
Conditions of the Notes / German Language Version	45
Conditions of the Notes / English Language Version	69
Description of Rules Regarding Resolutions of Holders	89
Use of Proceeds	91
Bayer AG	92
Taxation	122
Offer and Subscription of the Notes	128
General Information	131
Incorporation by reference	132

SUMMARY

Summaries are made up of disclosure requirements known as "*Elements*". These elements are numbered in Sections A – E (A.1 – E.7).

This summary (the "**Summary**") contains all the Elements required to be included in a summary for this type of Notes and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the Summary because of the type of Notes and Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the Summary with the mention of "not applicable".

Element	Section A – Introduction and warnings	
A.1	Warnings	Warning that: ▪ this Summary should be read as an introduction to this prospectus (the "Prospectus"); ▪ any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor; ▪ where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus, before the legal proceedings are initiated; and ▪ civil liability attaches only to the Issuer who has tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Notes.
A.2	Consent to the use of the Prospectus	Not applicable. The Issuer does not consent to the use of the Prospectus for the subsequent resale or final placement of the Notes.

Element	Section B – Bayer AG	
B.1	Legal and commercial name	Bayer Aktiengesellschaft (the " Issuer " or " Bayer AG " and together with its consolidated subsidiaries, the " Bayer Group ", " Group " or " Bayer ")
B.2	Domicile / Legal form / Legislation / Country of incorporation	Bayer AG is incorporated under the laws of Germany in Leverkusen, Germany as a stock corporation (<i>Aktiengesellschaft</i>). Its registered office is located at 51368 Leverkusen, Germany.
B.4b	Known trends affecting the Issuer and the industries in which it operates	A large proportion of Bayer's products, especially in the Life Science businesses, is protected by patents. Generic manufacturers and others attempt to contest patents prior to their expiration. Sometimes a generic version of a product may even be launched "at-risk" prior to the issuance of a final patent decision. Bayer is currently involved in legal proceedings to enforce patent rights relating to its products. When a patent defense is unsuccessful, or if one of Bayer's patents expires, prices are likely to come under pressure because of increased competition from generic products entering the market. Pharmaceutical products are subject to regulatory price controls in many markets, and government reimbursement systems often favor less expensive generic medicines over branded products. In addition, in some markets, major suppliers in the health care sector can exert substantial pressure on prices. Price controls and pricing pressure reduce earnings from Bayer's pharmaceutical products and may occasionally make the market launch of a new product unprofitable. Bayer expects the current extent of regulatory controls and market pressures on pricing to persist or increase. The expectations of the public and the regulatory authorities with regard to the safety and efficacy of chemical and pharmaceutical products are constantly rising. Against this background, Bayer continues to anticipate increasing regulatory requirements for clinical or (eco)toxicological studies, for example. This increases product development costs and the time it takes to obtain registration or marketing approval. For MaterialScience, an economic downturn, changes in competitors' behavior or the market entry of new competitors can lead to a more intense competitive situation characterized by overcapacities and increased pressure on prices. The Bayer Group requires significant quantities of energy and petrochemical feedstocks for its production processes. Procurement prices for energy and raw materials may fluctuate significantly. Experience has shown that higher production costs cannot always be passed on to customers through price adjustments. This applies especially at MaterialScience.
B.5	Description of the Group and the Issuer's position within the Group	Bayer AG, headquartered in Leverkusen, Germany, is the strategic management holding company and the ultimate parent company of the Bayer Group, which as per March 31, 2014 included 290 consolidated subsidiaries (December 31, 2013: 289 consolidated subsidiaries).
B.9	Profit forecast or estimate	Not applicable. No profit forecast or estimate has been included.
B.10	Nature of any qualifications in the audit report on historical financial information	Not applicable. The audit reports do not include any qualifications.

B.12	Selected historical key financial information			
		As of and for the three month ended		As of and for the year ended
		March 31, 2014	March 31, 2013	December 31, 2013
				December 31, 2012
		in million Euro		in million Euro
	Sales	10,555	10,266	40,157
	Net income ^(a)	1,423	1,160	3,189
	Net cash flow	163	327	5,171
	Total assets	56,457	52,870	51,317
	Equity	21,094	19,780	20,804
				18,551
		(a) Net income = Income (loss) after tax attributable to Bayer AG stockholders		
	Trend information	There has been no material adverse change in the prospects of the Bayer Group since the date of the last published audited consolidated financial statements as of and for the year ended December 31, 2013.		
	Significant change in the financial or trading position	Other than the planned acquisition of the consumer care business of U.S. pharmaceutical company Merck & Co., Inc., Whitehouse Station, NJ, USA, for a purchase price of USD 14.2 billion (EUR 10.4 billion), which is expected to close in the second half of 2014, there has been no significant change in the financial or trading position of the Bayer Group since the publication of the unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2014.		
B.13	Recent developments	On May 6, 2014, Bayer announced that it had agreed to acquire the consumer care business of U.S. pharmaceutical company Merck & Co., Inc., Whitehouse Station, NJ, USA, for a purchase price of USD 14.2 billion (EUR 10.4 billion). The acquisition will strengthen Bayer's business in non-prescription (over-the-counter, OTC) products, and enhance Bayer's business across multiple therapeutic categories and geographies. The transaction is subject to approval from the relevant antitrust authorities, with closing expected in the second half of 2014. To finance the acquisition Bayer entered a USD 14.2 billion bridge facility agreement with Bank of America Merrill Lynch, BNP Paribas and Mizuho, which has been syndicated to a larger group of relationship banks. The proceeds from the subsequent capital market take-out (a combination of senior and hybrid capital instruments) will be used to reduce the amount of the facility. On May 15, 2014, Bayer HealthCare has entered into a definitive agreement to sell its Interventional device business to Boston Scientific. The total consideration for the transaction, including fees for transitional services, is \$415 million (about EUR 300 million). The sale will include the AngioJet™ (thrombectomy) and Jetstream™ (atherectomy) systems, and the Fetch™2 Aspiration Catheter used in cardiology, radiology and peripheral vascular procedures. Closing of the transaction is subject to customary conditions, including relevant antitrust clearance, and is expected to occur in the second half of 2014.		
B.14	Statement of dependency upon other entities within the group	see Element B.5		
		Not applicable. Bayer AG is not dependent upon other entities within the Bayer Group.		
B.15	Principal activities	• <i>HealthCare</i> develops, produces and markets products for the prevention, diagnosis and treatment of human and animal diseases. • <i>CropScience</i> develops, manufactures and markets a comprehensive product portfolio in the areas of seeds and plant traits; crop protection; and for gardens, the green industry and non-agricultural pest control. • <i>MaterialScience</i> primarily develops, manufactures and markets high-tech polymer materials in the areas of polyurethanes, polycarbonates, coating and adhesive raw materials and functional films. This subgroup also manufactures and markets selected inorganic basic chemicals.		

B.16	Major shareholders		Name or corporate name	Address	Number of shares held	% of number of shares held to total number of issued shares	Date of reported holdings according to notices under the Securities Trading Act (<i>Wertpapier-handelsgesetz</i>)
		BlackRock Group Limited,	London, U.K.	41,369,312	5.003	February 20, 2014	
		BR Jersey International Holdings L.P.,	St. Helier, Jersey, Channel Islands	41,350,623	5.0004	January 28, 2014	
		BlackRock International Holdings Inc.,	New York, USA	41,350,623	5.0004	January 28, 2014	
		BlackRock Advisors Holdings, Inc	New York, USA	41,354,257	5.001	November 01, 2013	
		BlackRock Financial Management, Inc.	New York, USA	41,350,004	5.0003	October 15, 2012	
		BlackRock Holdco 2 Inc.	Wilmington, USA	41,350,004	5.0003	October 15, 2012	
		The Capital Group Companies, Inc.	Los Angeles, USA	53,584,902	6.48	September 6, 2012	
		The Capital Research and Management Company	Los Angeles, USA	82,483,440	9.97	December 1, 2009	
		B.17	Credit ratings of the Issuer or its debt securities	Long-term rating			
Standard & Poor's				A-	stable	A-2	
Moody's				A3	stable	P-2	

Element	Section C – The Notes	
C.1	Class and type of the Notes / ISIN	EUR 1,750,000,000 subordinated notes subject to interest rate reset with a first call date on July 1, 2020 (the "NC6 Notes"). ISIN DE000A11QR65 Common Code 108313994 WKN A11QR6
		EUR 1,500,000,000 subordinated notes subject to interest rate reset with a first call date on July 1, 2024 (the "NC10 Notes" and, together with the NC6 Notes, the "Notes"). ISIN DE000A11QR73 Common Code 108314168 WKN A11QR7
C.2	Currency	The Notes are issued in Euro.
C.5	Restrictions on free Transferability	Not applicable. The Notes are freely transferable.
C.8	Rights attached to the Notes (including limitations to those rights and ranking of the Notes)	Rights of the holders and the Issuer attached to the Notes The Notes entitle holders, in particular, to the interest payments described in Element C.9. Early Redemption The Issuer may elect but will not be obliged to redeem each of the NC6 Notes and the NC10 Notes separately, however each series only in whole but not in part at par on the respective first call date and on any subsequent interest payment date. The Issuer may elect but will not be obliged to redeem each of the NC6 Notes and the NC10 Notes separately, however each series only in whole but not in part at any time upon the occurrence of the following redemption events: (i) a rating event, (ii) a tax deductibility event, (iii) a gross-up event and (iv) an acquisition event. In case (i) the redemption event is an acquisition event, a rating event or a tax deductibility event and (ii) the date fixed for redemption falls prior to the first call date, the early redemption amount to be paid shall be 101 per cent. of the specified denomination of the Notes to be redeemed early plus accrued, but unpaid interest and any outstanding arrears of interest. In case of a rating event or a tax deductibility event where the date fixed for redemption falls on or after the first call date or in case of a gross-up event the early redemption amount shall be 100 per cent. of the specified denomination of the Notes to be redeemed early plus accrued, but unpaid interest and any outstanding arrears of interest. The Issuer may also elect but will not be obliged to redeem each of the NC6 Notes and the NC10 Notes separately, however each series only in whole but not in part at par at any time, if the Issuer has redeemed or purchased and cancelled at least 80 per cent. of the originally issued aggregate principal amount of the respective series.

		Events of Default There are no events of default entitling holders to demand redemption of the Notes. Resolutions of Holders The Notes provide for resolutions of holders. Ranking of the Notes The Issuer's obligations under the Notes constitute unsecured obligations of the Issuer and, in the event of the winding-up, dissolution or liquidation of the Issuer rank: (i) senior only to the Junior Obligations, (ii) <i>pari passu</i> among themselves and with any Parity Obligations, and (iii) junior to all other present and future unsubordinated or subordinated obligations of the Issuer that are not Parity Obligations or Junior Obligations. "Junior Obligations" means (i) the ordinary shares of the Issuer, (ii) any present or future shares of any other class of shares of the Issuer ranking <i>pari passu</i> with the ordinary shares of the Issuer, (iii) any other present or future securities, registered securities or other instruments of the Issuer under which the Issuer's obligations rank or are expressed to rank <i>pari passu</i> with the ordinary shares of the Issuer, and (iv) any present or future security, registered security or other instrument which is issued by a Subsidiary and guaranteed by the Issuer or for which the Issuer has otherwise assumed liability where the Issuer's obligations under such guarantee or other assumption of liability rank or are expressed to rank <i>pari passu</i> with the instruments described under (i) and (ii). "Parity Obligations" means any present or future obligations of the Issuer (i) under any securities, registered securities or other instruments of the Issuer which rank or are expressed to rank <i>pari passu</i> with the Issuer's obligations under the Notes, or (ii) under any guarantee or other assumption of liability by the Issuer for any present or future security, registered security or other instrument which is issued by a Subsidiary and guaranteed by the Issuer or for which the Issuer has otherwise assumed liability where the Issuer's obligations under such guarantee or other assumption of liability rank or are expressed to rank <i>pari passu</i> with its obligations under the Notes, except for any subordinated obligations of the Issuer required to be preferred by mandatory provisions of law. For the avoidance of doubt, Parity Obligations include its unsecured subordinated notes due 2105 with a first call date in 2015, ISIN XS0225369403 (2005 Hybrid), and, in relation to the NC6 Notes, the unsecured subordinated notes due 2074 with a first call in 2024, ISIN DE000A11QR73 (NC10 Tranche) and, in relation to the NC10 Notes, the unsecured subordinated notes due 2075 with a first call in 2020,
--	--	---

		ISIN DE000A11QR65 (NC6 Tranche). "Subsidiary" means any corporation, partnership or other enterprise in which the Issuer directly or indirectly holds in the aggregate more than 50 per cent. of the capital or the voting rights.
		Limitations Except for the possibility for the Issuer to defer interest payments, there are no limitations to the rights attached to the Notes.
C.9	see Element C.8	
	Interest rate, interest commencement date, interest payment dates	NC6 Notes The NC6 Notes will bear interest on their principal amount (i) from and including July 1, 2014 to but excluding July 1, 2020 (the "NC6 First Call Date") at a rate of 3.00 per cent. <i>per annum</i>; (ii) from and including the NC6 First Call Date to but excluding July 1, 2024 (the "First NC6 Step-up Date") at the relevant 5-year swap rate for the relevant Reset Period plus a margin of 217.6 basis points <i>per annum</i>; (iii) from and including the First NC6 Step-up Date to but excluding July 1, 2040 (the "Second NC6 Step-up Date") at the relevant 5-year swap rate for the relevant Reset Period plus a margin of 242.6 basis points <i>per annum</i>; and (iv) from and including the Second NC6 Step-up Date to but excluding the Maturity Date at the relevant 5-year swap rate for the relevant Reset Period plus a margin of 317.6 basis points <i>per annum</i>.
		NC10 Notes The NC10 Notes will bear interest on their principal amount (i) from and including July 1, 2014 to but excluding July 1, 2024 (the "First NC10 Step-up Date" or the "NC10 First Call Date") at a rate of 3.75 per cent. <i>per annum</i>; (ii) from and including the First NC10 Step-up Date to but excluding July 1, 2044 (the "Second NC10 Step-up Date") at the relevant 5-year swap rate for the relevant Reset Period plus a margin of 255 basis points <i>per annum</i>; and (iii) from and including the Second NC10 Step-up Date to but excluding the Maturity Date at the relevant 5-year swap rate for the relevant Reset Period plus a margin of 330 basis points <i>per annum</i>.
		"Reset Date" means the first call date of each series and each fifth anniversary of such first call date. "Reset Period" means each period from and including the first call date of each series of Notes to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date.

		NC6 Notes and NC10 Notes <i>Optional coupon deferral</i> The Issuer may at any time, by giving notice to the holders of the Notes no later than 10 business days before the relevant interest payment date, elect to defer the payment of the relevant interest amount scheduled to be paid on such interest payment date. <i>Payment of outstanding amounts</i> Arrears of interest may be paid by the Issuer at any time by giving notice not less than 10 business days before such voluntary payment and specifying (i) the amount of deferred interest payments to be paid and (ii) the date fixed for such payment. The Issuer must pay outstanding arrears of interest on the Notes (in whole but not in part) on the next Mandatory Settlement Date. "Mandatory Settlement Date" means the earliest of: (i) the date falling five business days after the date on which a Compulsory Settlement Event has occurred; (ii) the date on which the Issuer pays interest on the Notes; (iii) the date on which the Issuer or any Subsidiary pays any dividend, other distribution or other payment in respect of any Parity Obligation; (iv) the date on which the Issuer or any Subsidiary redeems, repurchases or otherwise acquires (in each case directly or indirectly) any Parity Obligations or any Notes; (v) the date of redemption of the Notes in accordance with these Conditions; and (vi) the date on which an order is made for the winding up, liquidation or dissolution of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer), provided that (x) in the cases (iii) and (iv) above no Mandatory Settlement Date occurs if the Issuer or the relevant Subsidiary is obliged under the terms and conditions of such Parity Obligation to make such payment, such redemption, such repurchase or such other acquisition; (y) in the case (iv) above no Mandatory Settlement Date occurs if the Issuer or the relevant Subsidiary repurchases or otherwise acquires (in each case directly or indirectly) any Parity Obligations or any Notes in whole or in part in a public tender offer or public exchange offer at a consideration per Parity Obligation or Note below its par value; and (z) in the cases (iii) and (iv) above no Mandatory Settlement Date occurs if the relevant payments on, or in respect of, any Parity Securities are Intra-Group Payments. "Compulsory Settlement Event" means any of the following events, subject to the provisos (x), (y) or (z) below: (i) the ordinary general meeting of shareholders (<i>ordentliche Hauptversammlung</i>) of the Issuer resolves on the payment of any dividend, other distribution or other payment on any share of any class of the Issuer (other than a dividend, distribution or payment which is made in the form of
--	--	--

		ordinary shares of the Issuer); (ii) the Issuer or any Subsidiary pays any dividend, other distribution or other payment in respect of any Junior Obligation (other than a dividend, distribution or payment which is made in the form of ordinary shares of the Issuer); or (iii) the Issuer or any Subsidiary redeems, repurchases or otherwise acquires (in each case directly or indirectly) any Junior Obligation. The cases (ii) and (iii) above are subject to the proviso that no Compulsory Settlement Event occurs if (x) the Issuer or the relevant Subsidiary is obliged under the terms and conditions of such Junior Obligation to make such payment, such redemption, such repurchase or such other acquisition; (y) the Issuer or the relevant Subsidiary repurchases or otherwise acquires (in each case directly or indirectly) any share of any class of the Issuer or any Junior Obligation pursuant to the obligations of the Issuer under any existing or future stock option or stock ownership programme or similar programme for any members of the board of management or supervisory board (or, in the case of affiliates, comparable boards) or employees of the Issuer or any of its affiliates; or (z) the relevant payments on, or in respect of, any Junior Obligation are Intra-Group Payments. "Intra-Group Payments" means payments made exclusively to the Issuer and/or one or more of its Subsidiaries.
	Maturity date including repayment procedures	Maturity Date for the NC6 Notes is July 1, 2075. Maturity Date for the NC10 Notes is July 1, 2074. Payment of principal in respect of Notes shall be made to the clearing system or to its order for credit to the accounts of the relevant account holders of the clearing system.
	Indication of yield	The yield in respect of (i) the NC6 Notes from the issue date to the NC6 First Call Date is 3.00 per cent. <i>per annum</i> and (ii) the NC10 Notes from the issue date to the NC10 First Call Date is 3.75 per cent. <i>per annum</i>.
	Representation of the holders	The Notes are subject to the German Act on Issues of Debt Securities (<i>Gesetz über Schuldverschreibungen aus Gesamtemissionen — Schuldverschreibungsgesetz</i>). A common representative of the holders can be appointed.
C.10	see Element C.9	
	Explanation how the value of the investment is affected in the case the Notes have a derivative component	Not applicable. The interest payment has no derivative component.
C.11	Admission to trading on a regulated market or equivalent market	Application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.

Element	Section D – Risks specific to Bayer	
D.2	Key information on the key risks that are specific to the Issuer	As a global enterprise with a diversified portfolio, the Bayer Group is constantly exposed to numerous risks. • Despite all efforts, Bayer cannot assure that all of the products it is currently developing or will develop in the future will achieve planned approval / registration or commercial success, if, for example, a drug candidate fails to meet trial endpoints. • A large proportion of Bayer's products, especially in the Life Science businesses, is protected by patents. Generic manufacturers and others attempt to contest patents prior to their expiration. Sometimes a generic version of a product may even be launched "at-risk" prior to the issuance of a final patent decision. Bayer is currently involved in legal proceedings to enforce patent rights relating to its products. When a patent defense is unsuccessful, or if one of Bayer's patents expires, prices are likely to come under pressure because of increased competition from generic products entering the market. • Despite extensive studies prior to approval or registration, it is possible that products could be partially or completely withdrawn from the market due to the occurrence of adverse side effects or other factors. Such a withdrawal may be voluntary or result from legal or regulatory measures. The possibility that unwanted trace amounts of genetically modified organisms may occur in agricultural products and / or foodstuffs cannot be entirely excluded. Potential payments of damages in connection with the aforementioned risks may materially diminish Bayer's earnings. • Operations at Bayer's sites may be disrupted, amongst others, by natural disasters, sabotage or supply shortages for principal raw materials or intermediates. This applies particularly to the biotech products of HealthCare because of the highly complex manufacturing processes. If Bayer is unable to meet demand, structural sales declines may occur, particularly in Bayer's Pharmaceuticals business.

Element	Section D – Risks specific to the Notes	
D.3	Key information on the key risks that are specific to the securities	An investment in the Notes involves certain risks associated with the characteristics of the Notes which could lead to substantial losses the holders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Those risks include the following: • The Notes may not be a suitable investment for all investors. • The NC6 Notes will be redeemed on July 1, 2075 and the NC10 Notes will be redeemed on July 1, 2074. The Issuer is under no obligation to redeem the Notes at any time before this date and the holders have no right to call for their redemption. At the Issuer's option, each series of the Notes may be redeemed (i) on the first call date or any interest payment date thereafter or (ii) if as a consequence of a change in law it has to pay any additional amounts with respect to taxation or (iii) if 80 per cent. or more in principal amount of the Notes initially issued have been redeemed or purchased and cancelled. In addition, the Issuer may redeem the Notes if (i) interest payable in respect of the Notes is no longer fully income tax deductible, (ii) the acquisition of a target has not completed and the Issuer has publicly stated that it no longer intends to pursue such acquisition, or (iii) certain rating agencies determine to no longer grant "equity credit" or a lower such credit to the Notes. In the case of redemption, holders might suffer a lower than expected yield, might not be able to reinvest the funds on the same term and may receive a redemption amount lower than the prevailing market price of the subordinated notes. • The claims of holders are unsecured, subordinated obligations of the Issuer. • The conditions do not contain any express event of default or cross default provisions. • The Notes do not contain any financial covenants. • The holders have no voting rights in general meetings of the Issuer. • The holders will have only limited remedies against the Issuer for recovery of amounts which have become due in respect of the Notes. • There is no restriction on the amount of debt which the Issuer may issue ranking equal or senior to the obligations under or in connection with the Notes. • Application has been made for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list. However, there can be no assurance that a liquid secondary market for the Notes will develop. Moreover, the trading market for Notes may be volatile. • There is a risk that trading in the Notes will be suspended, interrupted or terminated. • During the period from including the interest commencement date to but excluding the first call date, it cannot be ruled out that the price of the Notes may fall as a result of changes in the current interest rate on the capital market (market interest rate), as the market interest rate fluctuates. • After the first call date, investors should be aware that the interest rate will be determined on each reset rate determination date at

		the 5-year swap rate for the relevant reset period plus a margin. The performance of the 5-year swap rate and the interest income on the Notes cannot be anticipated and a definite yield of the Notes cannot be determined. In addition, during each reset period, it cannot be ruled out that the price of the Notes may fall as a result of changes in the current interest rate on the capital market (market interest rate), as the market interest rate fluctuates. • The Issuer may elect to defer an interest payment. Any such deferral of interest shall not constitute a default for any purpose and deferred interest will not bear interest. Any deferral of interest will likely have an adverse effect on the market price of the Notes. • Ratings of the Issuer or the Notes may be subject to change at all times and are not a recommendation to buy, sell or hold Notes. • The Notes are denominated in Euro and can thus represent a currency risk for a holder, if the Euro represents a foreign currency to such holder; in addition governments and monetary authorities could impose exchange controls in the future. • Because the global notes are held by or on behalf of Clearstream, Frankfurt, investors will have to rely on their procedures for transfer, payment and communication with the Issuer. • Holders are subject to the risk of being outvoted and of losing rights towards the Issuer against their will in the case that holders agree to amendments of the conditions by majority vote according to the German Act on Issues of Debt Securities (<i>Gesetz über die Schuldverschreibungen aus Gesamtemissionen</i>). In the case of an appointment of a common representative for all holders a particular holder may lose, in whole or in part, the possibility to enforce and claim its rights against the Issuer regardless of other holders. • Investors in the Notes assume the risk that the credit spread of the Issuer changes (credit spread risk). • Due to future money depreciation (inflation), the real yield of an investment may be reduced. • The tax impact of an investment in the Notes should be carefully considered. • If a loan is used to finance the acquisition of the Notes, the loan may significantly increase the risk of a loss. • Incidental costs related in particular to the purchase and sale of the Notes may have a significant impact on the profit potential of the Notes. • Payments on the Notes issued by the Issuer may be subject to U.S. withholding tax pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA").
--	--	--

Element	Section E – Offer of the Notes	
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks	The net proceeds of the issuance of the Notes, amounting to approximately EUR 3,233,750,000, will be used to finance in part the acquisition of the consumer care business of U.S. pharmaceutical company Merck & Co., Inc., Whitehouse Station, NJ, USA. In the event that the aforementioned transaction is not consummated, the proceeds of the issuance of the Notes may be used for the Issuer's general corporate purposes, which may include the financing of other merger and acquisition activities, if any.
E.3	A description of the terms and conditions of the offer	The Notes have been placed with qualified investors only. There will be no public offer of the Notes. The issue price of the NC6 Notes is 100 per cent. of their principal amount. The issue price for the NC10 Notes is 100 per cent. of their principal amount. The aggregate principal amount of the NC6 Notes is EUR 1,750,000,000 and of the NC10 Notes EUR 1,500,000,000.
E.4	Any interest that is material to the issue/offer including conflicting interests	Not applicable. No interest that is material to the issue or offer of the Notes exists.
E.7	Estimated expenses charged to the investor by the issuer or the offeror	Not applicable; the Issuer will not charge any costs, expenses or taxes directly to any investor in connection with the Notes. Each investor has however to inform itself about taxes or expenses it may be subject to, e.g. deposit fees.

GERMAN TRANSLATION OF THE SUMMARY

Zusammenfassungen sind zusammengesetzt aus Offenlegungspflichten, die als "*Punkte*" bekannt sind. Diese Punkte sind in die Abschnitte A – E (A.1 – E.7) nummeriert.

Diese Zusammenfassung (die "**Zusammenfassung**") enthält alle Punkte, die in eine Zusammenfassung für diese Art von Schuldverschreibungen und Emittentin aufzunehmen sind. Da einige Punkte nicht zu berücksichtigen sind, kann die Nummerierung Lücken aufweisen.

Auch wenn ein Punkt wegen der Art der Schuldverschreibungen und der Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass bezüglich dieses Punktes keine relevante Information gegeben werden kann. In einem solchen Fall ist in der Zusammenfassung eine kurze Beschreibung des Punktes unter Bezeichnung als "*nicht anwendbar*" enthalten.

Punkt	Abschnitt A – Einleitung und Warnhinweise	
A.1	Warnhinweise	<u>Warnhinweis, dass</u> ▪ die Zusammenfassung als Einleitung zu diesem Prospekt (der "Prospekt") verstanden werden sollte; ▪ sich der Anleger bei jeder Entscheidung in die Schuldverschreibungen zu investieren, auf den Prospekt als Ganzen stützen sollte; ▪ ein Anleger, der wegen der in dem Prospekt enthaltenen Angaben Klage einreichen will, nach den nationalen Rechtsvorschriften seines Mitgliedstaats möglicherweise für die Übersetzung des Prospekts aufkommen muss, bevor das Verfahren eingeleitet werden kann; und ▪ zivilrechtlich nur die Emittentin haftet, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt hat, und dies auch nur für den Fall, dass die Zusammenfassung verglichen mit den anderen Teilen des Prospekts irreführend, unrichtig oder inkohärent ist oder verglichen mit den anderen Teilen des Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen, vermissen lassen.
A.2	Zustimmung zur Verwendung des Prospektes	Entfällt. Die Emittentin erteilt keine Zustimmung zur Verwendung des Prospekts für die spätere Weiterveräußerung oder endgültige Platzierung der Schuldverschreibungen.

Punkt	Abschnitt B – Bayer AG	
B.1	Gesetzliche und kommerzielle Bezeichnung	Bayer Aktiengesellschaft (die " Emittentin " oder " Bayer AG " und zusammen mit ihren konsolidierten Tochtergesellschaften, der " Bayer-Konzern ", " Konzern " oder " Bayer ")
B.2	Sitz / Rechtsform / geltendes Recht/ Land der Gründung	Bayer AG ist eine Gesellschaft nach deutschem Recht mit Sitz in Leverkusen, Deutschland in der Rechtsform einer Aktiengesellschaft. Die Geschäftsadresse ist 51368 Leverkusen, Deutschland.
B.4b	Bereits bekannte Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken	Ein Großteil der Produkte von Bayer, besonders in den Life-Science-Bereichen, unterliegt dem Patentschutz. Insbesondere Generika-Anbieter versuchen, Patente vor ihrem Ablauf anzugreifen. Teilweise wird sogar die generische Version eines Produkts auf den Markt gebracht – eine sogenannte "at-risk"-Markteinführung –, bevor ein rechtskräftiges Patenturteil vorliegt. Bayer ist derzeit in Gerichtsverfahren involviert, um den Patentschutz für seine Produkte durchzusetzen. Läuft ein Patent aus oder kann Bayer ein Patent nicht erfolgreich verteidigen, ist in der Regel mit verstärktem Wettbewerb und einem damit verbundenen Preisdruck durch den Eintritt von Generika-Anbietern zu rechnen. Die Preise für pharmazeutische Produkte unterliegen auf vielen Märkten staatlicher Kontrolle und Regulierung, und preisgünstigere Generika werden – induziert durch staatliche Erstattungssysteme – vielfach Markenprodukten vorgezogen. Zudem können große Anbieter im Gesundheitswesen in einigen Absatzmärkten erheblichen Druck auf die Marktpreise ausüben. Preisregulierungen und Preisdruck schmälern die Renditen der pharmazeutischen Produkte von Bayer und können dazu führen, dass die Markteinführung eines neuen Produkts im Einzelfall wirtschaftlich unrentabel wird. Bayer geht davon aus, dass das jetzige Ausmaß der Preisregulierung und des Preisdrucks weiter bestehen oder sich sogar vergrößern wird. Darüber hinaus steigen die Erwartungen der Öffentlichkeit und der Aufsichtsbehörden im Hinblick auf die Sicherheit und Wirksamkeit von chemischen und pharmazeutischen Produkten kontinuierlich. Vor diesem Hintergrund erwartet Bayer auch weiterhin verschärfte Prüfanforderungen, z. B. an klinische oder (öko-)toxikologische Studien. Dies führt zu höheren Produktentwicklungskosten und zu einer Verlängerung der Zeit bis zur Zulassung / Registrierung. Bei MaterialScience kann ein konjunktureller Abschwung oder das veränderte Marktverhalten bestehender Wettbewerber bzw. der Eintritt neuer Konkurrenten zu intensiverem Wettbewerb führen, welcher durch Überkapazitäten und einen erhöhten Preisdruck gekennzeichnet ist. Der Bayer-Konzern benötigt signifikante Mengen an Energien und petrochemischen Rohstoffen für die Produktionsprozesse. Die Einkaufspreise für Energien und Rohstoffe können erheblich schwanken. Erfahrungen aus der Vergangenheit haben gezeigt, dass gestiegene Herstellungskosten nicht immer über Preisanpassungen an Kunden weitergegeben werden können. Dies betrifft in besonderem Maße MaterialScience.
B.5	Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe	Im Bayer-Konzern fungiert die Bayer AG mit Sitz in Leverkusen, Deutschland als strategische Management-Holding und als Konzernobergesellschaft. Der Bayer-Konzern umfasste zum 31. März 2014 290 konsolidierte Tochtergesellschaften (31. Dezember 2013: 289).

B.9	Gewinnprognosen oder -schätzungen	Nicht anwendbar. Es liegen keine Gewinnprognosen oder -schätzungen vor.			
B.10	Art etwaiger Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen	Nicht anwendbar. Der Bestätigungsvermerk enthält keine Beschränkungen.			
B.12	Ausgewählte wesentliche historische Finanzinformationen				
		zum und für die drei Monate endend am		zum und für das Geschäftsjahr endend am	
		31. März 2014	31. März 2013	31. Dezember 2013	31. Dezember 2012
		in Millionen Euro		in Millionen Euro	
Umsätze		10.555	10.266	40.157	39.741
Konzernergebnis ^(a)		1.423	1.160	3.189	2.403
Netto-Cashflow		163	327	5.171	4.530
Bilanzsumme		56.457	52.870	51.317	51.318
Eigenkapital		21.094	19.780	20.804	18.551
		^(a) Konzernergebnis = Ergebnis (Verlust) nach Steuern auf Aktionäre der Bayer AG zuzuschreiben.			
Ausblick		Der Geschäftsausblick des Bayer-Konzerns hat sich seit dem 31. Dezember 2013, dem Datum des letzten veröffentlichten geprüften konsolidierten Konzernabschlusses, nicht wesentlich negativ verändert.			
Signifikante Veränderungen in der Finanz- bzw. Handelsposition		Außer der geplanten Übernahme des Consumer-Care-Geschäfts des US-Pharmakonzerns Merck & Co., Inc., Whitehouse Station, NJ (USA), für 14,2 Milliarden US-Dollar (10,4 Milliarden Euro), deren Abschluss für das zweite Halbjahr 2014 erwartet wird, hat es seit der Veröffentlichung des ungeprüften konsolidierten verkürzten Konzernzwischenabschlusses zum und für die drei Monate endend am 31. März 2014 keine signifikanten Änderungen der Finanz- bzw. Handelsposition des Bayer-Konzerns gegeben.			
B.13	Jüngste Entwicklungen	Am 6. Mai 2014 hat Bayer angekündigt, dass es beabsichtigt, das Consumer-Care-Geschäft des US-Pharmakonzerns Merck & Co., Inc., Whitehouse Station, NJ (USA), für 14,2 Milliarden US-Dollar (10,4 Milliarden Euro) zu übernehmen. Die Akquisition wird Bayers Geschäft mit rezeptfreien (Over-The-Counter – OTC) Produkten stärken. Das OTC-Geschäft von Bayer wird in mehreren Therapiegebieten und Regionen deutlich erweitern. Die Transaktion ist noch von den zuständigen Kartellbehörden freizugeben und soll im zweiten Halbjahr 2014 abgeschlossen werden. Zur Finanzierung der Akquisition hat Bayer einen Brückenkreditvertrag über 14,2 Milliarden US-Dollar geschlossen. Der Brückenkredit wurde zunächst von der Bank of America Merrill Lynch, BNP Paribas und Mizuho bereitgestellt und anschließend an eine größere Gruppe aus dem Kreis der Bayer-Kernbanken aussyndiziert. Die Erlöse aus der späteren Ausfinanzierung am Kapitalmarkt (eine Kombination aus vor- und nachrangigen Anleihen) werden zur Reduzierung des Brückenkredits verwendet. Bayer HealthCare verkauft sein Interventional-Geschäft für 415 Millionen US-Dollar (rund 300 Millionen EUR) einschließlich der Kosten für Übergangsleistungen an Boston Scientific. Ein entsprechender Vertrag wurde am 15. Mai 2014 unterzeichnet. Der			

		Verkauf umfasst das Thrombektomiesystem AngioJet™ und das Atherektomiesystem Jetstream™ sowie den Fetch™2-Absaugkatheter, der in der Kardiologie, Radiologie und Gefäßbehandlung eingesetzt wird. Der Abschluss der Transaktion unterliegt den üblichen Bedingungen einschließlich der Genehmigung durch die Kartellbehörden und wird für das zweite Halbjahr von 2014 erwartet.
B.14	Angabe zur Abhängigkeit von anderen Unternehmen innerhalb der Gruppe	siehe Element B.5 Nicht anwendbar. Die Bayer AG ist nicht von anderen Unternehmen des Bayer-Konzerns abhängig.
B.15	Haupttätigkeiten	• <i>HealthCare</i> entwickelt, produziert und vertreibt Produkte, die der Vorsorge, Diagnose und Behandlung von Krankheiten bei Mensch und Tier dienen. • <i>CropScience</i> entwickelt, produziert und vermarktet ein umfassendes Produktportfolio im Bereich Saatgut und Pflanzeigenschaften, Pflanzenschutz sowie Garten, Landschaftspflege und Schädlingsbekämpfung außerhalb der Landwirtschaft. • <i>MaterialScience</i> entwickelt, produziert und vermarktet hauptsächlich hochwertige Polymer-Werkstoffe im Bereich Polyurethane, Polycarbonate, Lack- und Klebstoffrohstoffe sowie funktionale Folien. Ferner produziert und vermarktet der Teilkonzern ausgewählte anorganische Grundchemikalien.

B.16	Hauptanteilseigner	Name oder Unternehm- ensname	Adresse	Anzahl an gehaltenen Aktien	% der Anzahl an gehalten en Aktien zur gesamten Anzahl an ausgegebenen Aktien	Datum der Mitteilung laut Wertpapier- handelsgesetz
		BlackRock Group Limited,	London, U.K.	41.369.312	5,003	20. Februar 2014
		BR Jersey International Holdings L.P.,	St. Helier, Jersey, Channel Islands	41.350.623	5,0004	28. Januar 2014
		BlackRock International Holdings Inc.,	New York, USA	41.350.623	5,0004	28. Januar 2014
		BlackRock Advisors Holdings, Inc	New York, USA	41.354.257	5,001	01. November 2013
		BlackRock Financial Management , Inc.	New York, USA	41.350.004	5,0003	15. Oktober 2012
		BlackRock Holdco 2 Inc.	Wilming ton, USA	41.350.004	5,0003	15. Oktober 2012
		The Capital Group Companies, Inc.	Los Angeles, USA	53.584.902	6,48	06. September 2012
		The Capital Research and Management Company	Los Angeles, USA	82.483.440	9,97	01. December 2009
B.17	Kreditratings des Emittenten oder seiner Schuldtitel	Langfristi- ges Rating		Kurzfristiges Rating		
		Standard & Poor's		Ausblick		
		Moody's				

Punkt	Abschnitt C – Die Schuldverschreibungen	
C.1	Gattung und Art der Schuldverschreibungen / ISIN	EUR 1.750.000.000 auf den Inhaber lautende Schuldverschreibungen, erstmals kündbar am 1. Juli 2020 (die "NC6 Schuldverschreibungen") ISIN DE000A11QR65 Common Code 108313994 WKN A11QR6
		EUR 1.500.000.000 auf den Inhaber lautende Schuldverschreibungen, erstmals kündbar am 1. Juli 2024 (die "NC10 Schuldverschreibungen" und zusammen mit den NC6 Schuldverschreibungen, die "Schuldverschreibungen") ISIN DE000A11QR73 Common Code 108314168 WKN A11QR7
C.2	Währung	Die Schuldverschreibungen sind in Euro begeben.
C.5	Beschränkungen der freien Übertragbarkeit	Nicht anwendbar. Die Schuldverschreibungen sind frei übertragbar.
C.8	Rechte, die mit den Schuldverschreibungen verbunden sind (einschließlich Beschränkungen dieser Rechte und Rang der Schuldverschreibungen)	Rechte der Inhaber und der Emittentin, die mit den Schuldverschreibungen verbunden sind Die Schuldverschreibungen berechtigen die Inhaber der Schuldverschreibungen insbesondere zum Bezug von Zinszahlungen wie unter Element C.9 näher dargestellt
		Vorzeitige Rückzahlung Die Emittentin ist berechtigt aber nicht verpflichtet die NC6 Schuldverschreibungen und die NC10 Schuldverschreibungen jeweils einzeln, allerdings pro Serie nur insgesamt und nicht teilweise, am jeweiligen ersten Rückzahlungstermin und an jedem darauf folgenden Zinszahlungstag zum Nennbetrag zurückzahlen. Die Emittentin ist berechtigt aber nicht verpflichtet die NC6 Schuldverschreibungen und die NC10 Schuldverschreibungen jeweils einzeln, allerdings pro Serie nur insgesamt und nicht teilweise, zu jeder Zeit bei Eintritt eines der folgenden vorzeitigen Rückzahlungsereignisse zurückzahlen: (i) ein Ratingereignis, (ii) ein Steuerereignis, (iii) ein Gross-up Ereignis oder (iv) ein Akquisitionsergebnis. Falls (i) das vorzeitige Rückzahlungsereignis ein Akquisitionsergebnis, ein Ratingereignis oder ein Steuerereignis ist und (ii) der für die Rückzahlung festgelegte Tag vor den ersten Rückzahlungstermin fällt, ist der Rückzahlungsbetrag für die Schuldverschreibungen 101% ihrer festgelegten Stückelung zuzüglich aufgelaufener und noch nicht bezahlter Zinsen und aufgeschobene Zinszahlungen. Im Falle eines Ratingereignis oder einem Steuerereignis bei dem der für die Rückzahlung festgelegte Tag auf oder nach den ersten Rückzahlungstermin fällt oder im Falle eines Gross-up Ereignis ist der Rückzahlungsbetrag für die Schuldverschreibungen 100% ihrer festgelegten Stückelung zuzüglich aufgelaufener und noch nicht bezahlter Zinsen und

		aufgeschobene Zinszahlungen. Die Emittentin ist ferner berechtigt aber nicht verpflichtet die NC6 Schuldverschreibungen und die NC10 Schuldverschreibungen jeweils einzeln, allerdings pro Serie nur insgesamt und nicht teilweise zu jeder Zeit zurückzuzahlen, falls die Emittentin 80 % oder mehr des ursprünglich begebenen Gesamtnennbetrages der jeweiligen Serie von Schuldverschreibungen zurückgezahlt oder erworben und eingezogen hat. Kündigungsgründe (Events of Default) Die Anleihebedingungen sehen keine Kündigungsgründe (<i>Events of Default</i>) vor, deren Eintreten den Inhabern der Schuldverschreibungen das Recht einräumen würde, die Rückzahlung der Schuldverschreibungen zu verlangen. Gläubigerbeschlüsse Die Anleihebedingungen enthalten Bestimmungen zu Gläubigerbeschlüssen. Rang der Schuldverschreibungen Die Schuldverschreibungen begründen nicht besicherte Verbindlichkeiten der Emittentin, die im Fall der Abwicklung, Auflösung oder Liquidation der Emittentin: (i) nur Nachrangigen Verbindlichkeiten im Rang vorgehen, (ii) untereinander und mit jeder Gleichrangigen Verbindlichkeit im Rang gleich stehen, und (iii) allen anderen bestehenden und zukünftigen nachrangigen und nicht nachrangigen Verbindlichkeiten im Rang nachgehen, die nicht Gleichrangige Verbindlichkeiten oder Nachrangige Verbindlichkeiten sind. "Nachrangige Verbindlichkeiten" bezeichnet (i) die Stammaktien der Emittentin, (ii) gegenwärtige oder zukünftige Aktien einer anderen Gattung von Aktien der Emittentin, die gleichrangig mit den Stammaktien der Emittentin sind, (iii) andere von der Emittentin begebene gegenwärtige oder zukünftige Wertpapiere, Namenswertpapiere oder andere Instrumente, bei denen die daraus folgenden Verbindlichkeiten der Emittentin mit den Stammaktien der Emittentin gleichrangig sind oder für die ausdrücklich ein Gleichrang festgelegt ist, und (iv) jedes gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft begeben und von der Emittentin garantiert ist oder für das die Emittentin die Haftung übernommen hat, und bei dem die Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie oder Haftungsübernahme mit den unter (i) und (ii) genannten Instrumenten gleichrangig sind oder für die ausdrücklich ein Gleichrang festgelegt ist. "Gleichrangige Verbindlichkeiten" bezeichnet bestehende und zukünftige Verbindlichkeiten der Emittentin (i) aus Wertpapieren, Namenswertpapieren oder anderen von der Emittentin begebenen Instrumenten, die gleichrangig mit den Verbindlichkeiten der Emittentin unter den Schuldverschreibungen sind oder für die ausdrücklich ein Gleichrang festgelegt ist, oder
--	--	---

		(ii) aus einer Garantie oder anderen Haftungsübernahmen der Emittentin für ein gegenwärtiges oder zukünftiges Wertpapier, Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft begeben und von der Emittentin garantiert ist oder für das die Emittentin die Haftung übernommen hat, und bei dem die Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie oder Haftungsübernahme mit ihren Verbindlichkeiten aus den Schuldverschreibungen gleichrangig sind oder ausdrücklich ein Gleichrang festgelegt ist, soweit nicht zwingende gesetzliche Bestimmungen solche anderen nachrangigen Verbindlichkeiten im Rang besser stellen. Gleichrangige Verbindlichkeiten sind, unter anderem, die nicht besicherten nachrangigen Schuldverschreibungen fällig in 2105, erstmals kündbar in 2015, ISIN XS0225369403 (2005 Hybrid), und, in Bezug auf die NC6 Tranche, die nicht besicherten nachrangigen Schuldverschreibungen fällig in 2074, erstmals kündbar in 2024, ISIN DE000A11QR73 (NC10 Tranche) und, in Bezug auf die NC10 Tranche, die nicht besicherten nachrangigen Schuldverschreibungen fällig in 2075, erstmals kündbar in 2020, ISIN DE000A11QR65 (NC6 Tranche). "Tochtergesellschaft" bezeichnet jede Gesellschaft, Personengesellschaft und jedes sonstige Unternehmen oder jede andere Person an der bzw. dem die Emittentin direkt oder indirekt insgesamt mehr als 50 % des Kapitals oder der Stimmrechte hält. Beschränkungen Abgesehen vom Recht der Emittentin, Zinszahlungen aufzuschieben, sind die mit den Schuldverschreibungen verbundenen Rechte nicht eingeschränkt.
C.9	siehe Element C.8	
	Zinssatz, Verzinsungsbeginn, Zinszahlungstage	NC6 Schuldverschreibungen Die NC6 Schuldverschreibungen werden bezogen auf ihren Nennbetrag (i) vom 1. Juli 2014 einschließlich bis zum 1. Juli 2020 (der "Erste NC 6 Rückzahlungstermin") ausschließlich mit einem Zinssatz von 3,00 % <i>per annum</i>, (ii) vom Ersten NC6 Rückzahlungstermin einschließlich bis zum 1. Juli 2024 (der "Erste NC6 Step-up Termin") ausschließlich mit dem für den jeweiligen Reset-Zeitraum anwendbaren 5-Jahres Swapsatz zuzüglich einer Marge von 217,6 Basispunkten <i>per annum</i>, (iii) vom Ersten NC6 Step-up Termin einschließlich bis zum 1. Juli 2040 (der "Zweite NC6 Step-up Termin") ausschließlich mit dem für den jeweiligen Reset-Zeitraum anwendbaren 5-Jahres Swapsatz zuzüglich einer Marge von 242,6 Basispunkten <i>per annum</i> und (iv) vom Zweiten NC6 Step-up Termin einschließlich bis zum Fälligkeitstag ausschließlich mit dem für den jeweiligen Reset-Zeitraum anwendbaren 5-Jahres Swapsatz zuzüglich einer Marge von 317,6 Basispunkten <i>per annum</i> verzinst.
		NC10 Schuldverschreibungen Die NC10 Schuldverschreibungen werden bezogen auf ihren Nennbetrag (i) vom 1. Juli 2014 einschließlich bis zum 1. Juli 2024 (der "Erste NC10 Step-up Termin" oder der "Erste NC10 Rückzahlungstermin") ausschließlich mit einem Zinssatz von 3,75 % <i>per annum</i>, (ii) vom Ersten NC10 Step-up Termin einschließlich bis zum 1. Juli 2044 (der "Zweite NC10 Step-up

		Termin") ausschließlich mit dem für den jeweiligen Reset-Zeitraum anwendbaren 5-Jahres Swapsatz zuzüglich einer Marge von 255 Basispunkten <i>per annum</i> und (iii) vom Zweiten NC 10 Step-up Termin einschließlich bis zum Fälligkeitstag ausschließlich mit dem für den jeweiligen Reset-Zeitraum anwendbaren 5-Jahres Swapsatz zuzüglich einer Marge von 330 Basispunkten <i>per annum</i> verzinst.
		"Reset-Termin" bezeichnet den ersten Rückzahlungstermin der jeweiligen Serie und jeden fünften Jahrestag des jeweiligen ersten Rückzahlungstermins. "Reset-Zeitraum" bezeichnet jeden Zeitraum ab dem ersten Rückzahlungstermin (einschließlich) der jeweiligen Serie bis zum ersten Reset-Termin (ausschließlich) und nachfolgend ab jedem Reset-Termin (einschließlich) bis zu dem jeweils nächstfolgenden Reset-Termin (ausschließlich).
		NC6 Schuldverschreibungen und NC10 Schuldverschreibungen <i>Aufschub von Zinszahlungen</i> Die Emittentin kann sich zu jeder Zeit durch Bekanntmachung an die Inhaber der Schuldverschreibungen innerhalb einer Frist von nicht weniger als 10 Geschäftstagen vor dem betreffenden Zinszahlungstag dazu entscheiden, die betreffende Zinszahlung auszusetzen. <i>Nachzahlung von Aufgeschobenen Zinszahlungen</i> Aufgeschobene Zinszahlungen können jederzeit durch die Emittentin nachgezahlt werden, nach Bekanntmachung an die Anleihegläubiger unter Einhaltung einer Frist von nicht weniger als 10 Geschäftstagen vor einer freiwilligen Zinszahlung, wobei eine solche Bekanntmachung (i) den Betrag an aufgeschobenen Zinszahlungen, der gezahlt werden soll, und (ii) den für diese Zahlung festgelegten Termin enthalten muss.
		Die Emittentin ist verpflichtet, aufgeschobene Zinszahlungen insgesamt und nicht nur teilweise am nächsten Pflichtnachzahlungstag zu zahlen. "Pflichtnachzahlungstag" bezeichnet den frühesten der folgenden Tage: (i) den Tag, der fünf Geschäftstage nach dem Tag liegt, an dem ein Obligatorisches Nachzahlungsereignis eingetreten ist; (ii) den Tag, an dem die Emittentin Zinsen auf die Schuldverschreibungen zahlt; (iii) den Tag, an dem die Emittentin oder eine Tochtergesellschaft eine Dividende, sonstige Ausschüttung oder sonstige Zahlung auf eine Gleichrangige Verbindlichkeit leistet; (iv) den Tag, an dem die Emittentin oder eine Tochtergesellschaft eine Gleichrangige Verbindlichkeit oder eine Schuldverschreibung zurückzahlt, zurückkauft oder anderweitig erwirbt (jeweils direkt oder indirekt); (v) den Tag der Rückzahlung der Schuldverschreibungen gemäß diesen Bedingungen; und (vi) den Tag, an dem eine Entscheidung hinsichtlich der Auseinandersetzung, Liquidation oder Auflösung der Emittentin ergeht (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. bei der die Emittentin noch zahlungsfähig ist und bei dem bzw. bei der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin

		übernimmt), mit der Maßgabe, dass (x) in den vorgenannten Fällen (iii) und (iv) kein Pflichtnachzahlungstag vorliegt, wenn die Emittentin oder die betreffende Tochtergesellschaft nach Maßgabe der Emissionsbedingungen der betreffenden Gleichrangigen Verbindlichkeit zu der Zahlung, zu der Rückzahlung, zu dem Rückkauf oder zu dem anderweitigen Erwerb verpflichtet ist; (y) in dem vorgenannten Fall (iv) kein Pflichtnachzahlungstag vorliegt, wenn die Emittentin oder die betreffende Tochtergesellschaft (jeweils direkt oder indirekt) Gleichrangige Verbindlichkeiten oder Schuldverschreibungen (insgesamt oder teilweise) nach einem öffentlichen Rückkaufangebot oder öffentlichen Umtauschangebot mit einer unter dem Nennwert liegenden Gegenleistung je Gleichrangiger Verbindlichkeit bzw. je Schuldverschreibung zurückkauft oder anderweitig erwirbt; und (z) in den vorgenannten Fällen (iii) und (iv) kein Pflichtnachzahlungstag vorliegt, wenn die betreffenden Zahlungen auf oder in Bezug auf Gleichrangige Wertpapiere Konzerninterne Zahlungen sind. Ein "Obligatorisches Nachzahlungsereignis" bezeichnet vorbehaltlich der nachstehenden Klauseln (x), (y) oder (z) jedes der folgenden Ereignisse: (i) die ordentliche Hauptversammlung der Emittentin beschließt, eine Dividende, sonstige Ausschüttung oder sonstige Zahlung auf eine Aktie einer beliebigen Gattung der Emittentin zu leisten (mit Ausnahme einer Dividende, Ausschüttung oder Zahlung in Form von Stammaktien der Emittentin); (ii) die Emittentin oder eine Tochtergesellschaft zahlt eine Dividende, sonstige Ausschüttung oder sonstige Zahlung auf eine Nachrangige Verbindlichkeit (mit Ausnahme einer Dividende, Ausschüttung oder Zahlung in Form von Stammaktien der Emittentin); oder (iii) die Emittentin oder eine Tochtergesellschaft (jeweils direkt oder indirekt) zahlt oder kauft eine Nachrangige Verbindlichkeit zurück oder erwirbt sie anderweitig. In den vorgenannten Fällen (ii) und (iii) tritt jedoch kein Obligatorisches Nachzahlungsereignis ein, wenn (x) die Emittentin oder die betreffende Tochtergesellschaft nach Maßgabe der Emissionsbedingungen der betreffenden Nachrangigen Verbindlichkeit zu der Zahlung, zu der Rückzahlung, zu dem Rückkauf oder zu dem anderweitigen Erwerb verpflichtet ist; (y) die Emittentin oder die betreffende Tochtergesellschaft eine Aktie einer beliebigen Gattung der Emittentin oder eine Nachrangige Verbindlichkeit nach Maßgabe eines bestehenden oder zukünftigen Aktienoptions- oder Aktienbeteiligungsprogramms oder ähnlichen Programms für Mitglieder des Vorstands oder des Aufsichtsrats (oder, im Falle verbundener Unternehmen, ähnlicher Gremien) oder Mitarbeiter der Emittentin oder mit ihr verbundener Unternehmen (jeweils direkt oder indirekt) zurückkauft oder
--	--	--

		anderweitig erwirbt; oder (z) die betreffenden Zahlungen auf oder in Bezug auf Nachrangige Verbindlichkeiten Konzerninterne Zahlungen sind. "Konzerninterne Zahlungen" sind Zahlungen, die ausschließlich an die Emittentin und/oder an eine oder mehrere ihrer Tochtergesellschaften erfolgen.
	Fälligkeitstag einschließlich Rückzahlungsverfahren	Der Fälligkeitstag der NC6 Schuldverschreibungen ist der 1. Juli 2075. Der Fälligkeitstag der NC10 Schuldverschreibungen ist der 1. Juli 2074. Zahlungen auf Kapital in Bezug auf die Schuldverschreibungen erfolgen an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.
	Rendite	Die Rendite in Bezug auf die (i) NC6 Schuldverschreibungen wird vom Ausgabetag bis zum Ersten NC6 Rückzahlungstermin 3,00 % jährlich sein und (ii) NC10 Schuldverschreibungen wird vom Ausgabetag bis zum Ersten NC10 Rückzahlungstermin 3,75 % jährlich sein.
	Vertreter der Schuldverschreibungen	Auf die Schuldverschreibungen ist das Gesetz über Schuldverschreibungen aus Gesamtemissionen (<i>Schuldverschreibungsgesetz</i>) anwendbar. Ein Gemeinsamer Vertreter der Gläubiger kann bestellt werden.
C.10	Bitte siehe Element C.9	
	Erläuterung wie der Wert der Anlage beeinflusst wird, falls die Schuldverschreibungen eine derivative Komponente aufweisen	Nicht anwendbar. Die Zinszahlung weist keine derivative Komponente auf.
C.11	Einführung in einen regulierten Markt oder einem gleichwertigen Markt	Für die Schuldverschreibungen ist ein Antrag auf Zulassung zum Börsenhandel im regulierten Markt (<i>official list</i>) der Luxemburger Wertpapierbörse gestellt worden.

Punkt	Abschnitt D – Risiken hinsichtlich Bayer	
D.2	Zentrale Angaben zu den zentralen Risiken, die dem Emittenten eigen sind	Als international agierendes Unternehmen mit einem diversifizierten Portfolio ist der Bayer-Konzern permanent einer Vielzahl von Risiken ausgesetzt. • Trotz aller Anstrengungen kann Bayer nicht sicherstellen, dass alle Produkte, die sich zukünftig oder derzeit in der Entwicklungspipeline befinden, ihre geplante Zulassung / Registrierung erreichen bzw. sich auf dem Markt kommerziell erfolgreich behaupten werden. Ein Grund hierfür kann das Verfehlen von anvisierten Studienzielen sein. • Ein Großteil der Produkte von Bayer, besonders in den Life-Science-Bereichen, unterliegt dem Patentschutz. Insbesondere Generika-Anbieter versuchen, Patente vor ihrem Ablauf anzugreifen. Teilweise wird sogar die generische Version eines Produkts auf den Markt gebracht – eine sogenannte "at-risk"-Markteinführung –, bevor ein rechtskräftiges Patenturteil vorliegt. Bayer ist derzeit in Gerichtsverfahren involviert, um den Patentschutz für seine Produkte durchzusetzen. Läuft ein Patent aus oder kann Bayer ein Patent nicht erfolgreich verteidigen, ist in der Regel mit verstärktem Wettbewerb und einem damit verbundenen Preisdruck durch den Markteintritt von Generika-Anbietern zu rechnen. • Trotz umfassender Studien vor der Zulassung / Registrierung ist es möglich, dass es zu einer teilweisen oder kompletten Rücknahme von Produkten vom Markt kommen kann, u. a. bedingt durch das Auftreten von unerwarteten Nebenwirkungen. Ein solcher Vertriebsstopp kann freiwillig erfolgen oder auch durch rechtliche und behördliche Schritte begründet sein. Darüber hinaus kann das Auftreten von Spuren unerwünschter gentechnisch modifizierter Organismen in landwirtschaftlichen Erzeugnissen oder Lebensmitteln nicht vollständig ausgeschlossen werden. Potenzielle Schadenersatzzahlungen in Verbindung mit den zuvor beschriebenen Risiken können das Ergebnis erheblich belasten. • An den Standorten von Bayer kann es zu Betriebsunterbrechungen, unter anderem durch Elementarereignisse, Sabotage oder Lieferunterbrechungen bei Hauptrohstoffen oder Zwischenprodukten kommen. Wegen des sehr komplexen Herstellungsverfahrens gilt dies in besonderem Maße für die biotechnologischen Produkte von HealthCare. Kann die Nachfrage nicht bedient werden, kann es insbesondere bei Pharma zu einem strukturellen Umsatzrückgang kommen.

Punkt	Abschnitt D – Risiken hinsichtlich der Schuldverschreibungen	
D.3	Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind	Eine Anlage in die Schuldverschreibungen ist mit bestimmten Risiken im Zusammenhang mit den Merkmalen, der Beschreibung und der Art der Schuldverschreibungen verbunden, die dazu führen könnten, dass die Schuldverschreibungsgläubiger im Falle eines Verkaufs ihrer Schuldverschreibungen oder im Hinblick auf Zinszahlungen und Kapitalrückzahlungen erhebliche Verluste oder einen Totalverlust erleiden würden. Zu diesen Risiken gehören u.a. die Folgenden: • Die Schuldverschreibungen sind möglicherweise keine für alle Anleger geeignete Anlage. • Die NC6 Schuldverschreibungen werden am 1. Juli 2075 und die NC10 Schuldverschreibungen werden am 1. Juli 2074 zurückgezahlt, sofern sie nicht zuvor zurückgezahlt wurden. Die Emittentin ist nicht verpflichtet, die Schuldverschreibungen vor diesem Zeitpunkt zurück zu zahlen, und die Inhaber der Schuldverschreibungen sind nicht berechtigt, die Rückzahlung zu verlangen. Nach Wahl der Emittentin kann jede Serie von Schuldverschreibungen zurückgezahlt werden: (i) am ersten Rückzahlungstermin oder an jedem darauf folgenden Zinszahlungstag, (ii) wenn die Emittentin aufgrund einer Gesetzesänderung zusätzliche Beträge hinsichtlich Steuern zu bezahlen hat oder (iii) wenn 80 % oder mehr des ursprünglich begebenen Nennbetrags der Schuldverschreibungen zurückgezahlt oder erworben und eingezogen wurden. Darüber hinaus kann die Emittentin die Schuldverschreibungen zurückzahlen, wenn (i) Zinszahlungen in Bezug auf die Schuldverschreibungen nicht mehr vollständig steuerlich abzugsfähig sind, (ii) die Akquisition der Zielgesellschaft nicht abgeschlossen wurde und die Emittentin öffentlich dargelegt hat, dass nicht mehr beabsichtigt wird diese Akquisition zu verfolgen oder (iii) bestimmte Ratingagenturen die Schuldverschreibungen keiner oder einer geringeren Eigenkapitalanrechnungskategorie zuordnen. Im Fall einer Rückzahlung könnten Anleihegläubiger, eine niedrigere als die erwartete Rendite erzielen, nicht in der Lage sein, den Rückzahlungsbetrag zu denselben Konditionen wieder anzulegen und einen niedrigeren Rückzahlungsbetrag als den letzten Marktpreis der Schuldverschreibungen erhalten. • Die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen stellen nicht besicherte, nachrangige Verbindlichkeiten der Emittentin dar. • Die Anleihebedingungen enthalten keine ausdrücklichen Bestimmungen über Kündigungsgründe (<i>Events of Default</i>) und Drittverzug (<i>Cross Default</i>). • Die Schuldverschreibungen enthalten keine Einschränkungen in Bezug auf die Einhaltung von Finanzkennzahlen. • Anleihegläubiger haben kein Stimmrecht in der Hauptversammlung. • Anleihegläubiger haben nur begrenzte Rechtsmittel gegen die Emittentin, um fällige Beträge unter den Schuldverschreibungen zu realisieren. • Es besteht keine Beschränkung hinsichtlich der Ausgabe von weiteren Schuldtiteln durch die Emittentin, die den Verpflichtungen aus oder im Zusammenhang mit den

		Schuldverschreibungen im Rang gleichstehen oder gegenüber ihnen vorrangig sind. • Die Zulassung der Schuldverschreibungen zum Handel im regulierten Markt der Luxemburger Wertpapierbörse und zum offiziellen Kursblatt (<i>official list</i>) ist beantragt worden. Es besteht jedoch keine Gewähr dafür, dass sich ein liquider Sekundärmarkt für die Schuldverschreibungen entwickeln wird. Außerdem kann der Markt für die Schuldverschreibungen volatil sein. • Es besteht das Risiko, dass der Handel mit den Schuldverschreibungen ausgesetzt, unterbrochen oder eingestellt wird. • In dem Zeitraum ab dem Zinslaufbeginn bis zum ersten Rückzahlungstermin kann nicht ausgeschlossen werden, dass der Kurs der Schuldverschreibungen infolge von Veränderungen des derzeitigen Zinssatzes auf dem Kapitalmarkt (Marktzins) fällt, da der Marktzins Schwankungen unterliegt. • Ab dem ersten Rückzahlungstermin sollten Anleihegläubiger berücksichtigen, dass der Zinssatz an jedem Reset-Termin mit Bezug auf den 5-Jahres-Swapsatz für den betreffenden Reset-Zeitraum zuzüglich einer Marge festgesetzt wird. Die Entwicklung des 5-Jahres-Swapsatzes und die Verzinsung der Schuldverschreibungen können nicht antizipiert und eine Rendite kann nicht berechnet werden. Zusätzlich kann in keinem Reset-Zeitraum ausgeschlossen werden, dass der Kurs der Schuldverschreibungen infolge von Veränderungen des derzeitigen Zinssatzes auf dem Kapitalmarkt (Marktzins) fällt, da der Marktzins Schwankungen unterliegt. • Anleihegläubiger sollten berücksichtigen, dass Zinsen aufgeschoben werden können. Aufgeschobene Zinszahlungen werden nicht verzinst. Ein Zinsaufschub wird vermutlich nachteilige Auswirkungen auf den Marktpreis der Schuldverschreibungen haben. • Ratings der Emittentin oder der Schuldverschreibungen können sich jederzeit verändern und sind keine Empfehlung zum Kauf, Verkauf oder zum Halten der Schuldverschreibungen. • Die auf Euro lautenden Schuldverschreibungen könnten ein Währungsrisiko für einen Anleihegläubiger darstellen, wenn der Euro für den betreffenden Anleihegläubiger eine Fremdwährung ist; außerdem könnten Regierungen und zuständige Behörden künftig Devisenkontrollen verhängen. • Da die Globalschuldverschreibungen von oder für Clearstream, Frankfurt, gehalten werden, müssen sich Anleihegläubiger auf deren Verfahren zur Übertragung, Zahlung und Kommunikation mit der Emittentin verlassen. • Für einen Anleihegläubiger besteht das Risiko, dass er überstimmt wird und gegen seinen Willen Rechte gegenüber der Emittentin verliert, falls Anleihegläubiger mit einer Stimmenmehrheit gemäß dem Schuldverschreibungsgesetz ihre Zustimmung zu Änderungen der Anleihebedingungen erteilen. Im Falle der Ernennung eines gemeinsamen Vertreters aller Anleihegläubiger besteht das Risiko, dass ein einzelner Anleihegläubiger ganz oder teilweise die Möglichkeit verliert, seine Rechte gegenüber der Emittentin unabhängig von den anderen Anleihegläubigern durchzusetzen und geltend zu machen. • Anleihegläubiger übernehmen das Risiko, dass sich der Credit Spread der Emittentin ändert (Credit Spread Risiko). • Die tatsächliche Rendite einer Anlage in die
--	--	--

		Schuldverschreibungen kann sich aufgrund künftiger Inflation verringern. • Die steuerlichen Auswirkungen einer Anlage in die Schuldverschreibungen sollten genau geprüft werden. • Wenn der Erwerb der Schuldverschreibungen fremdfinanziert wird, erhöht dies die Höhe des größten möglichen Verlusts wesentlich. • Nebenkosten, insbesondere in Verbindung mit dem Erwerb oder der Veräußerung der Schuldverschreibungen können wesentliche nachteilige Auswirkungen auf das Ertragspotential haben. • Die Zahlungen unter den Schuldverschreibungen der Emittentin können der U.S. Quellensteuer gemäß §§ 1471 bis 1474 des U.S. Internal Revenue Code (üblicherweise bezeichnet als "FATCA") unterliegen.
--	--	--

Punkt	Abschnitt E – Angebot von Schuldverschreibungen	
E.2b	Gründe für das Angebot und Zweckbestimmung der Erlöse, sofern diese nicht in der Gewinnerzielung und/oder der Absicherung bestimmter Risiken liegen.	Die Nettoerlöse aus der Emission der Schuldverschreibungen, die sich etwa EUR 3.233.750.000 belaufen, werden zur anteiligen Finanzierung der Akquisition des Consumer Care Geschäftsbereichs des U.S. Pharmaunternehmens Merck & Co., Inc. Whitehouse Station, NJ, USA verwandt. Sollte die vorbezeichnete Transaktion nicht vollzogen werden, können die Nettoerlöse der Emission der Schuldverschreibungen für allgemeine Unternehmenszwecke der Emittentin verwendet werden, welche gegebenenfalls auch die Finanzierung anderer Akquisitionen umfassen kann.
E.3	Beschreibung der Angebotskonditionen	Die Schuldverschreibungen wurden nur qualifizierten Investoren angeboten. Es erfolgt kein öffentliches Angebot. Der Ausgabepreis der NC6 Schuldverschreibungen ist 100 % des Nennbetrags. Der Ausgabepreis der NC10 Schuldverschreibungen ist 100 % des Nennbetrags. Der Gesamtnennbetrag der NC6 Schuldverschreibungen ist EUR 1.750.000.000 und der NC10 Schuldverschreibungen EUR 1.500.000.000.
E.4	Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Interessen.	Entfällt; es bestehen keine kollidierenden Interessen hinsichtlich der Emission oder des Angebots der Schuldverschreibungen.
E.7	Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.	Entfällt; die Emittentin wird dem Anleger direkt keine Kosten, Ausgaben oder Steuern in Bezug auf die Schuldverschreibungen berechnen. Jeder Investor muss sich allerdings selbst über Steuern und Ausgaben informieren, die für ihn anfallen könnten, z.B. Gebühren für die Verwahrstelle.

RISK FACTORS

The following is a disclosure of risk factors that are material to the Notes issued in order to assess the market risk associated with these Notes and risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes. Prospective investors should consider these risk factors before deciding to purchase Notes issued under this Prospectus. The following statements are complete although not exhaustive: prospective investors should consider all information provided in this Prospectus and consult with their own professional advisers if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus intensify one another.

Risk Factors in respect of the Notes

An investment in the Notes involves certain risks associated with the characteristics of the Notes. Such risks could result in principal or interest not being paid on time or at all by the Issuer and/or a material impairment of the market price of the Notes. The following is a description of risk factors in relation to the Notes.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes, and the information contained or incorporated by reference in this Prospectus;
- have access to and knowledge of appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviors of any relevant indices and financial markets;
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- recognize that it may not be possible to dispose of the Notes for a substantial period of time or at all.

Long-term securities; Holders are subject to risks relating to the early redemption of the Notes.

The NC6 Notes will be redeemed on July 1, 2075 and the NC10 Notes will be redeemed on July 1, 2074. The Issuer is under no obligation to redeem the Notes at any time before this date and the Holders have no right to call for their redemption. At the Issuer's option each type of the Notes may be redeemed at 100% of the principal amount plus accrued and unpaid interest and any Arrears of Interest pursuant to the Conditions, (i) on the respective first call date of a series or any Interest Payment Date thereafter, (ii) if as a consequence of a change in law it has to pay any additional amounts with respect to taxation or (iii) if 80% or more in principal amount of such series of Notes initially issued has been redeemed or repurchased.

In addition, the Issuer may at its option redeem each series of the Notes at 101% of the principal amount plus accrued and unpaid interest and any Arrears of Interest pursuant to the Conditions, if (i) interest payable in respect of such series of the Notes is no longer fully income tax deductible, (ii) the acquisition of a target has not completed and the Issuer has publicly stated that it no longer intends to pursue such acquisition, (iii) Moody's and / or S&P determine to no longer grant the same or higher category of "equity credit" to such series of Notes as a result of an amendment, clarification or change to the equity credit criteria of such rating agency.

In the case of redemption, Holders might suffer a lower than expected yield and might not be able to reinvest the funds on the same terms. Moreover, the redemption amount in the event of a redemption may be lower than the prevailing market price of the Notes.

The Notes are subordinated to senior obligations of the Issuer.

The obligations of the Issuer under the Notes will be unsecured subordinated obligations of the Issuer which in an insolvency or liquidation of the Issuer rank *pari passu* among themselves and with certain other obligations of the Issuer, subordinated to all present and future unsubordinated and subordinated obligations (other than subordinated obligations expressed to rank *pari passu* to the Notes) of the Issuer and senior only to the Issuer's share capital and similar present or future instruments. According to the Conditions, in an insolvency or liquidation of the Issuer, no payments under the Notes will be made to the Holders unless the Issuer has discharged or secured in full (i.e. not only with a quota) all claims that rank senior to the Notes. In a liquidation, insolvency or any other proceeding for the avoidance of insolvency of the Issuer, the Holders may recover proportionately less than the Holders of unsubordinated or subordinated obligations of the Issuer or may recover nothing at all. Investors should take into consideration that liabilities ranking senior to the Notes may also arise out of events that are not reflected on the Issuer's balance sheet, including, without limitation, the issuance of guarantees or other payment undertakings. Claims of beneficiaries under such guarantees or other payment undertakings will, in liquidation or insolvency proceedings of the Issuer, become unsubordinated or subordinated liabilities and will therefore be paid in full before payments are made to Holders.

The Notes do not include express events of default or a cross default.

The Holders should be aware that the Conditions do not contain any express event of default provisions. There will also not be any cross default under the Notes.

The Notes do not contain any financial covenants.

The Issuer will not be restricted from incurring additional unsecured debt or other liabilities, including senior debt under the terms of the Notes. In addition, under the Notes, the Issuer will not be restricted from paying dividends or issuing or repurchasing its other securities. Holders will not be protected under the terms of the Notes in the event of a highly leveraged transaction, a reorganization or a restructuring, merger or similar transaction that may adversely affect Holders.

The Holders have no voting rights.

The Notes are non-voting with respect to general meetings of the Issuer. Consequently, the Holders cannot influence any decisions by the Issuer to defer interest payments or to optionally settle such Arrears of Interest or any other decisions by the Issuer's shareholders concerning the capital structure or any other matters relating to the Issuer.

The Holders' only remedy against the Issuer is the institution of legal proceedings to enforce payment or to file an application for insolvency proceedings.

The only remedy against the Issuer available to the Holders for recovery of amounts which have become due in respect of the Notes will be the institution of legal proceedings to enforce payment of the amounts or to file an application for the institution of insolvency proceedings. On an insolvency or liquidation of the Issuer, any holder may only declare its Notes due and payable and may claim the amounts due and payable under the Notes, after the Issuer has discharged or secured in full (i.e. not only with a quota) all claims that rank senior to the Notes.

No limitation on issuing further debt ranking senior or pari passu with the Notes.

There is no restriction on the amount of debt which the Issuer may issue ranking senior or equal to the obligations under or in connection with the Notes. Such issuance of further debt would reduce the amount recoverable by the holders upon insolvency or liquidation of the Issuer or may increase the likelihood that the Issuer is required or permitted to defer payments of interest under the Notes.

The Notes have not been admitted to trading and any trading market may be volatile.

There is currently no secondary market for the Notes. Application has been made for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. There can, however, be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, an investor may not be able to sell his Notes at any time at fair market prices. The ability of Holders to sell the Notes might also be restricted for country-specific reasons.

Moreover, the trading market for the Notes may be volatile and can be adversely impacted by many events. The market for the Notes may be influenced by economic and market conditions in Germany or Luxembourg and, to varying degrees, by market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialized countries. There can be no assurance that events in Luxembourg, Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have other adverse effects.

There is a risk that trading in the Notes will be suspended, interrupted or terminated.

The listing of the Notes may be suspended or interrupted by the Luxembourg Stock Exchange or a competent regulatory authority for any of a number of reasons, including violation of price limits, breach of statutory provisions, occurrence of operational problems of the stock exchange or generally if deemed required in order to secure a functioning market or to safeguard the interests of investors. Furthermore, trading in the Notes may be terminated, either upon decision of the stock exchange, a regulatory authority or upon application by the Issuer. Investors should note that the Issuer has no influence on trading suspension or interruptions (other than where trading in the Notes is terminated upon the Issuer's decision) and that investors in any event must bear the risks connected therewith. In particular, investors may not be able to sell their Notes where trading is suspended, interrupted or terminated, and the stock exchange quotations of such Notes may not adequately reflect the price of such Notes. Finally, even if trading in the Notes is suspended, interrupted or terminated, investors should note that such measures may neither be sufficient nor adequate nor in time to prevent price disruptions or to safeguard the investors' interests; for example, where trading in the Notes is suspended after price-sensitive information relating to such Notes has been published, the price of such Notes may already have been adversely affected. All these risks would, if they materialize, have a material adverse effect on the investors.

The Holders are exposed to risks relating to the fixed interest notes.

Each series of Notes bears interest at a fixed rate to but excluding the first call date for that series of Notes.

A holder of a fixed interest rate note is exposed to the risk that the price of such note may fall because of changes in the market interest rate. While the nominal interest rate of a fixed interest rate note is fixed during the life of such note or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. If the market interest rate changes, the price of such bond changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate falls, the price of a fixed interest rate note typically increases, until the yield of such bond is approximately equal to the market interest rate. Holders should be aware that movements of the market interest rate can adversely affect the market price of the Notes and can lead to losses for Holders if they sell their Notes.

The Holders are exposed to risks relating to the reset of interest rates linked to the 5-year swap rate.

From and including the first call date to but excluding the date on which the Issuer redeems the Notes in whole, the Notes bear interest at a rate which will be determined on each reset date at the 5-year swap rate for the relevant reset period plus a margin.

Investors should be aware that the performance of the 5-year swap rate and the interest income on the Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of the Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. In addition, after interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Furthermore, during each reset period, it cannot be ruled out that the price of the Notes may fall as a result of changes in the current interest rate on the capital market (market interest rate), as the market interest rate fluctuates. During each of these periods, the investor is exposed to the risk as described under "—Fixed interest notes".

Interest payments under the Notes may be deferred at the option of the Issuer.

Holders should be aware that interest may not be due and payable (*fällig*) on the scheduled Interest Payment Date, and that the payment of the resulting Arrears of Interest is subject to certain further conditions. Failure to pay interest as a result of an interest deferral will not constitute a default of the Issuer or a breach of any other obligations under the Notes or for any other purposes. Holders will not receive any additional interest or compensation for the deferral of payment. In particular, the resulting Arrears of Interest will not bear interest.

Ratings of the Issuer or the Notes may be subject to change at all times.

A rating of the Issuer may not adequately reflect all risks of the investment in Notes issued by the Issuer. Equally, ratings may be suspended, downgraded or withdrawn. Such suspension, downgrading or withdrawal may have an adverse effect on the market value and trading price of the Notes. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Rating agencies may also change their methodologies for rating securities with features similar to the Notes in the future.

If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

For Holders for which the Euro represents a foreign currency, the Notes expose them to currency risk.

The Notes are denominated in Euro. If such currency represents a foreign currency to a holder, such holder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes measured in the holder's currency. Changes in currency exchange rates result from various factors such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Because the global notes are held by or on behalf of Clearstream, Frankfurt, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by one or more global notes. Such global notes will be deposited with a common depositary for Clearstream, Frankfurt. Investors will not be entitled to receive definitive notes. Clearstream, Frankfurt will maintain records of the beneficial interests in the global notes. While the Notes are represented by one or more global notes, investors will be able to trade their beneficial interests only through Clearstream, Frankfurt and the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Clearstream, Frankfurt for distribution to their account holders. A holder of a beneficial interest in global notes must rely on the procedures of Clearstream, Frankfurt to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of beneficial interests in, the global notes.

Risks in connection with the application of the German Act on Issues of Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen).

A Holder is subject to the risk of being outvoted and of losing rights towards the Issuer against his will in the event that Holders agree pursuant to the Conditions to amendments of the Conditions by majority vote according to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*). In the event of an appointment of a common representative for all Holders a particular holder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Holders.

Investors in the Notes assume the risk that the credit spread of the Issuer changes (credit spread risk).

A credit spread is the margin payable by the Issuer to the holder of a Note as a premium for the assumed credit risk of the Issuer. Credit spreads are offered and sold as premiums on current risk-free interest rates or as discounts on the price.

Factors influencing the credit spread include, among other things, the creditworthiness and rating of the Issuer, probability of default, recovery rate, remaining term to maturity of obligations under any collateralization or guarantee and declarations as to any preferred payment or subordination. The liquidity situation, the general level of interest rates, overall economic developments, and the currency, in which the relevant obligation is denominated may also have a positive or negative effect.

Investors are exposed to the risk that the credit spread of the Issuer widens, resulting in a decrease in the price of the Notes.

Due to future money depreciation (inflation), the real yield of an investment may be reduced.

Inflation risk describes the possibility that the value of assets such as the Notes or income therefrom will decrease as inflation reduces the purchasing power of a currency. Inflation causes the rate of return to decrease in value. If the inflation rate exceeds the interest paid on any Notes the yield on such Notes will become negative and investors will have to suffer a loss.

The tax impact of an investment in the Notes should be carefully considered.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax overview contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the section "Taxation" of this Prospectus.

If a loan is used to finance the acquisition of the Notes, the loan may significantly increase the risk of a loss.

If a loan is used to finance the acquisition of the Notes by an investor and the Notes subsequently go into default, or if the trading price diminishes significantly, the investor may not only have to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. A loan may significantly increase the risk of a loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction in the Notes. Instead, investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, repay the loan on demand, and that they may suffer losses instead of realizing gains.

Incidental costs related in particular to the purchase and sale of the Notes may have a significant impact on the profit potential of the Notes.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, investors may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), investors must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Risks in certain circumstances payments on or with respect to the Notes may be subject to U.S. withholding tax under FATCA.

In certain circumstances payments made on or with respect to the Notes after 31 December 2016 may be subject to U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"). This withholding does not apply to payments on Notes that are issued prior to the six month anniversary of the date on which the final regulations that define "foreign pass thru payments" are published, unless the Notes are "materially modified" after that date or are characterized as equity for U.S. federal income tax purposes.

Whilst the Notes are in global form and held within Clearstream, Frankfurt ("**CBF**"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by CBF (see U.S. Withholding Tax Under FATCA). However, FATCA may affect payments made to other clearing organizations, custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding.

Risk Factors in respect of Bayer

As a global enterprise with a diversified portfolio, the Bayer Group is constantly exposed to a wide range of internal or external developments or events that could significantly impact the achievement of its financial and non-financial objectives.

The sequence in which the risks are listed does not imply any order of significance. The risks described apply to all subgroups unless otherwise indicated.

Environment

Ethical conduct is a matter of essential importance for society. Many stakeholders evaluate companies according to whether they conduct themselves not just "legally" – but also "legitimately." The Bayer Group is dedicated to sustainable development in all areas of its business activity. Any violations of this voluntary commitment and the resulting adverse media reporting or negative public perception of the company may damage the reputation of the *Bayer* brand.

Bayer's growth could be impeded by increasing global cost pressure on health systems. Pharmaceutical products are subject to regulatory price controls in many markets, and government reimbursement systems often favor less expensive generic medicines over branded products. In addition, in some markets, major suppliers in the health care sector can exert substantial pressure on prices. Price controls and pricing pressure reduce earnings from Bayer's pharmaceutical products and may occasionally make the market launch of a new product unprofitable. Bayer expects the current extent of regulatory controls and market pressures on pricing to persist or increase.

Further risks may also result if actual market developments vary from those predicted. Where macroeconomic developments deviate from forecasts, this may negatively impact Bayer's sales and earnings expectations.

For MaterialScience, an economic downturn, changes in competitors' behavior or the market entry of new competitors can lead to a more intense competitive situation characterized by overcapacities and increased pressure on prices.

Innovation

Innovation is the key driver of Bayer's future growth. Despite all efforts, Bayer cannot assure that all of the products it is currently developing or will develop in the future will achieve planned approval / registration or commercial success, if, for example, a drug candidate fails to meet trial endpoints. Furthermore, the expectations of the public and the regulatory authorities with regard to the safety and efficacy of chemical and pharmaceutical products are constantly rising. Against this background, Bayer continues to anticipate increasing regulatory requirements for clinical or (eco)toxicological studies, for example. This increases product development costs and the time it takes to obtain registration or marketing approval.

Where it appears strategically advantageous, Bayer may supplement its organic growth through acquisitions of companies or businesses. Failure to successfully integrate a newly acquired business or unexpectedly high integration costs could jeopardize the achievement of qualitative or quantitative targets and adversely impact earnings.

Patent Protection

A large proportion of Bayer's products, especially in the Life Science businesses, is protected by patents. Generic manufacturers and others attempt to contest patents prior to their expiration. Sometimes a generic version of a product may even be launched "at-risk" prior to the issuance of a final patent decision. Bayer is currently involved in legal proceedings to enforce patent rights relating to its products. For details of these proceedings, see also "*Bayer AG – Legal and arbitration proceedings*". When a patent defense is unsuccessful, or if one of Bayer's patents expires, prices are likely to come under pressure because of increased competition from generic products entering the market. *Legal* action by third parties for alleged infringement of patent or proprietary rights by Bayer may impede or even halt the development or manufacturing of certain products or require Bayer to pay monetary damages or royalties to third parties.

Products And Product Stewardship

Bayer assesses the potential health and environmental risks of a product along the entire value chain – from research and development through production, marketing and use by the customer to disposal. Despite extensive studies prior to approval or registration, it is possible that products could be partially or completely withdrawn from the market due to the occurrence of adverse side effects or other factors. Such a withdrawal may be voluntary or result from legal or regulatory measures. The possibility that unwanted trace amounts of genetically modified organisms may occur in agricultural products and / or foodstuffs cannot be entirely excluded. Potential payments of damages in connection with the above risks may materially diminish Bayer's earnings.

Another risk Bayer faces is that of illegal trading of counterfeit medicines and crop protection products by criminal third parties. In most cases, the composition and quality of counterfeit products is inferior to that of the original products. No local regulatory authority assures the quality of the manufacturing or distribution process, so product recall is not possible. Products originating from illegal third-party manufacturing not only endanger patients, users, animals and the environment, but also jeopardize the good reputation of Bayer and its products and undermine Bayer's competitiveness.

Procurement And Production

Bayer's Supplier Code of Conduct sets forth Bayer's sustainability principles and explains what Bayer expects from its partners along the value chain. Violations of the Code may harm Bayer's reputation.

The Bayer Group requires significant quantities of energy and petrochemical feedstocks for its production processes. Procurement prices for energy and raw materials may fluctuate significantly. Experience has shown that higher production costs cannot always be passed on to customers through price adjustments. This applies especially at MaterialScience.

Risks associated with the manufacturing, filling, storage or shipping of products may result in personal injury, property damage, environmental contamination, loss of production, business interruptions and / or liability for compensation payments.

Operations at Bayer's sites may be disrupted, amongst others, by natural disasters, fires or explosions, sabotage or supply shortages for principal raw materials or intermediates. This applies particularly to the biotech products of HealthCare because of the highly complex manufacturing processes. If Bayer is unable to meet demand, structural sales declines may occur, particularly in Bayer's Pharmaceuticals business.

Employees

Skilled and dedicated employees are essential for Bayer's success. Particularly in the Emerging Markets of Asia and Latin America, the number of people with the technical and language skills needed to meet the demanding requirements of an international enterprise remains relatively small. Accordingly, those who possess these skills are highly sought after by locally based companies. If Bayer is unable to recruit a sufficient number of employees in these countries and retain them within Bayer, this could have significant adverse consequences for Bayer's future development.

Information Technology

Business and production processes and the internal and external communications of the Bayer Group are increasingly dependent on global IT systems. A significant technical disruption or failures of IT systems could severely impair Bayer's business and production processes. A loss of data confidentiality, integrity or authenticity could lead to manipulation and / or the uncontrolled outflow of data and know-how.

Law And Compliance

The Bayer Group is exposed to numerous legal risks from legal disputes or proceedings to which it is currently a party or which could arise in the future, particularly in the areas of product liability, competition and antitrust law, patent disputes, tax assessments and environmental protection. Investigations of possible legal or regulatory violations, such as potential infringements of antitrust law or certain marketing and / or distribution methods, may result in the imposition of civil or criminal penalties – including substantial monetary fines – and / or other adverse financial consequences, harm Bayer's reputation and ultimately detract from Bayer's success.

Financial risks

The Bayer Group is exposed to financial risks in the form of liquidity, credit and market price risks, as well as risks resulting from pension obligations. The following paragraphs provide details of these and other financial risks.

Liquidity risks

Liquidity risks result from the possible inability of the Bayer Group to meet current or future payment obligations due to a lack of cash or cash equivalents.

Credit risks

Credit risks arise from the possibility that the value of receivables or other financial assets of the Bayer Group may be impaired because counterparties cannot meet their payment or other performance obligations. The Bayer Group does not conclude master netting arrangements with its customers for non-derivative financial instruments. Here, the total value of the financial assets represents the maximum credit risk exposure. In the case of derivatives, positive and negative market values may be netted under certain conditions.

Foreign currencies

Foreign currency risks for the Bayer Group result from changes in exchange rates and the related changes in the value of financial instruments (including receivables and payables) and of anticipated payment receipts and disbursements in the functional currency.

Interest rate risks

Interest-rate risks result for the Bayer Group through changes in capital market interest rates, which in turn could lead to changes in the fair value of fixed-rate financial instruments and changes in interest payments in the case of floating-rate instruments.

Risk to pension obligations from capital market developments

The Bayer Group has obligations to current and former employees related to pensions and other post-employment benefits. Changes in relevant valuation parameters such as interest rates, mortality and rates of increases in compensation may raise the present value of our pension obligations. This may lead to increased costs for pension plans or diminish equity due to actuarial losses being recognized outside profit or loss. A large proportion of Bayer's pension and other post-employment benefit obligations is covered by plan assets including fixed-income securities, shares, real estate and other investments. Declining or even negative returns on these investments may adversely affect the future fair value of plan assets. This in turn may diminish equity, and / or it may necessitate additional contributions by Bayer.

CONDITIONS
German Language Version
(DEUTSCHE FASSUNG DER ANLEIHEBEDINGUNGEN)
NC6 Tranche

§ 1
WÄHRUNG, STÜCKELUNG, FORM, BEGRIFFSBESTIMMUNGEN

- (1) *Währung; Stückelung.* Diese Emission von Schuldverschreibungen (die "**Schuldverschreibungen**") der Bayer Aktiengesellschaft (die "**Emittentin**") wird in Euro (die "**festgelegte Währung**") im Gesamtnennbetrag von Euro 1.750.000.000 (in Worten: Euro eine Milliarde siebenhundertfünfzig Millionen) in Stückelungen von Euro 1.000 (die "**festgelegte Stückelung**") begeben.
- (2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.
- (3) *Vorläufige Globalurkunde — Austausch.*
- (a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in den festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die Unterschriften von zwei ordnungsgemäß bevollmächtigten Vertretern der Emittentin und sind jeweils von der Hauptzahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.
- (b) Die vorläufige Globalurkunde wird frühestens an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde austauschbar, der 40 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegt. Ein solcher Austausch soll nur nach Vorlage von Bescheinigungen gemäß U.S. Steuerrecht erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt, diese vorläufige Globalurkunde gemäß diesem Absatz (b) dieses § 1 Absatz 3 auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten zu liefern (wie in § 6 Absatz 3 definiert).
- (4) *Clearing System.* Die die Schuldverschreibungen verbriefende Globalurkunde wird von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "**Clearing System**" bedeutet folgendes: Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Bundesrepublik Deutschland ("**CBF**").
- (5) *Gläubiger von Schuldverschreibungen.* "**Gläubiger**" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen treugeberischen oder eigenen Rechts an den Schuldverschreibungen.

§ 2
STATUS

- (1) *Status.* Die Schuldverschreibungen begründen nicht besicherte Verbindlichkeiten der Emittentin, die im Fall der Abwicklung, Auflösung oder Liquidation der Emittentin:
- (i) nur Nachrangigen Verbindlichkeiten im Rang vorgehen,
- (ii) untereinander und mit jeder Gleichrangigen Verbindlichkeit im Rang gleich stehen, und
- (iii) allen anderen bestehenden und zukünftigen nachrangigen und nicht nachrangigen Verbindlichkeiten im Rang nachgehen, die nicht Gleichrangige Verbindlichkeiten oder Nachrangige Verbindlichkeiten sind.
- "**Nachrangige Verbindlichkeiten**" bezeichnet
- (i) die Stammaktien der Emittentin,
- (ii) gegenwärtige oder zukünftige Aktien einer anderen Gattung von Aktien der Emittentin, die gleichrangig mit den Stammaktien der Emittentin sind,
- (iii) andere von der Emittentin begebene gegenwärtige oder zukünftige Wertpapiere, Namenswertpapiere oder

andere Instrumente, bei denen die daraus folgenden Verbindlichkeiten der Emittentin mit den Stammaktien der Emittentin gleichrangig sind oder für die ausdrücklich ein Gleichrang festgelegt ist, und

- (iv) jedes gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft begeben und von der Emittentin garantiert ist oder für das die Emittentin die Haftung übernommen hat, und bei dem die Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie oder Haftungsübernahme mit den unter (i) und (ii) genannten Instrumenten gleichrangig sind oder für die ausdrücklich ein Gleichrang festgelegt ist.

"Gleichrangige Verbindlichkeiten" bezeichnet bestehende und zukünftige Verbindlichkeiten der Emittentin

- (i) aus Wertpapieren, Namenswertpapieren oder anderen von der Emittentin begebenen Instrumenten, die gleichrangig mit den Verbindlichkeiten der Emittentin unter den Schuldverschreibungen sind oder für die ausdrücklich ein Gleichrang festgelegt ist, oder
- (ii) aus einer Garantie oder anderen Haftungsübernahmen der Emittentin für ein gegenwärtiges oder zukünftiges Wertpapier, Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft begeben und von der Emittentin garantiert ist oder für das die Emittentin die Haftung übernommen hat, und bei dem die Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie oder Haftungsübernahme mit ihren Verbindlichkeiten aus den Schuldverschreibungen gleichrangig sind oder ausdrücklich ein Gleichrang festgelegt ist,

soweit nicht zwingende gesetzliche Bestimmungen solche anderen nachrangigen Verbindlichkeiten im Rang besser stellen.

Gleichrangige Verbindlichkeiten sind, unter anderem, die nicht besicherten nachrangigen Schuldverschreibungen fällig in 2105, erstmals kündbar in 2015, ISIN XS0225369403 (2005 Hybrid), die nicht besicherten nachrangigen Schuldverschreibungen fällig in 2074, erstmals kündbar in 2024, ISIN DE000A11QR73 (NC10 Tranche).

"Tochtergesellschaft" bezeichnet jede Gesellschaft, Personengesellschaft und jedes sonstige Unternehmen oder jede andere Person an der bzw. dem die Emittentin direkt oder indirekt insgesamt mehr als 50 % des Kapitals oder der Stimmrechte hält.

(2) **Aufrechnungsverbot.** Die Gläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen gegen mögliche Forderungen der Emittentin aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber Gläubigern gegen Verpflichtungen aus den Schuldverschreibungen aufzurechnen.

§ 3 ZINSEN

(1) **Zinslauf.** In dem Zeitraum ab dem 1. Juli 2014 (der "**Zinslaufbeginn**") (einschließlich) bis zum 1. Juli 2020 (der "**Erste Rückzahlungstermin**") (ausschließlich) wird jede Schuldverschreibung bezogen auf die festgelegte Stückelung mit 3,00 % per annum verzinst.

In dem Zeitraum ab dem Ersten Rückzahlungstermin (einschließlich) bis zum Fälligkeitstag (ausschließlich) belaufen sich die Zinsen jeder Schuldverschreibung auf den jeweiligen Reset-Zinssatz.

Zinsen werden nachträglich am 1. Juli eines jeden Jahres (jeweils ein "**Zinszahlungstag**") bezahlt und werden gemäß § 4 fällig. Die erste Zinszahlung erfolgt am 1. Juli 2015.

Der "**Reset-Zinssatz**" entspricht

- (i) vom Ersten Rückzahlungstermin (einschließlich) bis zum 1. Juli 2024 (ausschließlich) (der "**Erste Step-up Termin**") dem Ersten Reset-Zinssatz;
- (ii) vom Ersten Step-up Termin (einschließlich) bis zum 1. Juli 2040 (der "**Zweite Step-up Termin**") (ausschließlich) dem Zweiten Reset-Zinssatz; und
- (iii) vom Zweiten Step-up Termin (einschließlich) bis zum Fälligkeitstag (ausschließlich) dem Dritten Reset-Zinssatz.

Der "**Erste Reset-Zinssatz**" ist der 5-Jahres Swapsatz für den betreffenden Reset-Zeitraum zuzüglich 217,6 Basispunkte per annum, wie von der Berechnungsstelle festgelegt.

Der "**Zweite Reset-Zinssatz**" ist der 5-Jahres Swapsatz für den betreffenden Reset-Zeitraum zuzüglich 242,6 Basispunkte per annum, wie von der Berechnungsstelle festgelegt.

Der "**Dritte Reset-Zinssatz**" ist der 5-Jahres Swapsatz für den betreffenden Reset-Zeitraum zuzüglich 317,6 Basispunkte per annum, wie von der Berechnungsstelle festgelegt.

(2) Definitionen.

Der "**5-Jahres Swapsatz**" für den betreffenden Reset-Zeitraum wird von der Berechnungsstelle an dem Reset-Referenzsatz-Bestimmungstag vor dem betreffenden Reset-Termin, an dem der betreffende Reset-Zeitraum beginnt (der "**Referenz-Reset-Termin**"), festgelegt und ist

- (i) das rechnerische Mittel der Geld- und Briefkurse für den jährlichen Festzinsszahlungsstrom (berechnet auf einer 30/360 Tageberechnungsbasis) einer Fest-zu-variabel Euro-Zinsswaptransaktion, (x) die eine 5-jährige Laufzeit hat und am Referenz-Reset-Termin beginnt, (y) die auf einen Betrag lautet, der dem einer repräsentativen einzelnen Transaktion in dem relevanten Markt zur relevanten Zeit eines anerkannten Händlers mit guter Bonität im Swap-Markt entspricht, und (z) deren variabler Zahlungsstrom auf dem 6-Monats EURIBOR Satz beruht (berechnet auf einer Actual/360 Tage-Berechnungsbasis), wie es am Reset-Referenzsatz-Bestimmungstag um 11:00 Uhr (Frankfurter Zeit) auf dem Reuters Bildschirm "ISDAFIX2" unter der Überschrift "EURIBOR BASIS" und dem Untertitel "11:00 AM Frankfurt time" (auf dem solche Überschriften und Untertitel von Zeit zu Zeit erscheinen) (oder eine andere Bildschirmseite von Reuters oder einem anderen Informationsanbieter, die diese Seite zur Anzeige des in diesem Absatz beschriebenen rechnerischen Mittels von Swap-Transaktionen ersetzt) (die "**Reset-Bildschirmseite**") angezeigt wird; oder
- (ii) falls irgendeine für Alternative (i) benötigte Information am Reset-Referenzsatz-Bestimmungstag nicht auf der Reset-Bildschirmseite erscheint, der Reset-Referenzbankensatz am Reset-Referenzsatz-Bestimmungstag.

"**Geschäftstag**" bezeichnet einen Tag, an dem alle maßgeblichen Stellen des Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) Systems Geschäfte tätigen.

"**Referenzbanken**" bedeutet fünf im Interbankenmarkt führende Swap Dealer.

"**Repräsentative Höhe**" bedeutet die Höhe einer einzelnen Transaktion, die zur jeweiligen Zeit im Swap-Markt typisch ist.

"**Reset-Referenzbankensatz**" bezeichnet den Prozentsatz, der auf Basis der Midmarket Jahres-Swapsatz-Angebotssätze von den Referenzbanken um ungefähr 11:00 Uhr, Frankfurter Zeit, am Reset-Referenzsatz-Bestimmungstag festgestellt wird. Der Midmarket Jahres-Swapsatz ist der durch die Berechnungsstelle festgelegte Prozentsatz basierend auf dem rechnerischen Mittel des Geld- und Briefkurses für den Jahres-Festzinsszahlungsstrom, berechnet auf Basis eines 30/360 Zinstagequotienten, einer Fest-zu-variabel Euro-Zinsswaptransaktion mit einer Laufzeit von 5 Jahren beginnend mit dem Referenz-Reset-Termin, die in einer Repräsentativen Höhe mit einem anerkannten Händler von guter Bonität im Swap-Markt abgeschlossen wurde, wobei der variable Teil, berechnet basierend auf einem Actual/360 Zinstagequotienten, eine Endfälligkeit von sechs Monaten hat. Die Berechnungsstelle wird bei der Hauptniederlassung der Referenzbanken jeweils um einen Angebotssatz bitten. Falls zumindest drei Angebotssätze zur Verfügung gestellt werden, ist der Reset-Referenzbankensatz für den Reset-Termin das rechnerische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste Tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Angebotssätze, bereinigt um den höchsten Angebotssatz (oder, falls mehrere Angebotssätze gleich hoch sind, einen der höchsten) und den niedrigsten Angebotssatz (oder, falls mehrere Angebotssätze gleich niedrig sind, einen der niedrigsten).

"**Reset-Referenzsatz-Bestimmungstag**" ist der zweite Geschäftstag vor dem jeweiligen Reset-Termin.

"**Reset-Termin**" bezeichnet den Ersten Rückzahlungstermin und jeden fünften Jahrestag des Ersten Rückzahlungstermins.

"**Reset-Zeitraum**" bezeichnet jeden Zeitraum ab dem Ersten Rückzahlungstermin (einschließlich) bis zum ersten Reset-Termin (ausschließlich) und nachfolgend ab jedem Reset-Termin (einschließlich) bis zu dem jeweils nächstfolgenden Reset-Termin (ausschließlich).

"**Zinsperiode**" bezeichnet jeden Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und nachfolgend ab jedem Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Zinszahlungstag (ausschließlich).

(3) *Berechnungen oder Festlegung durch die Berechnungsstelle.* Die Berechnungsstelle wird den Reset-Zinssatz für die Schuldverschreibungen am Reset-Referenzsatz-Bestimmungstag bestimmen und veranlassen, dass dieser der Emittentin, der Hauptzahlstelle und jeder Börse, an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Gläubigern gemäß § 13 unverzüglich, aber keinesfalls später als am achten auf dessen Bestimmung folgenden Geschäftstag mitgeteilt wird.

(4) *Zinstagequotient.* Sind Zinsen für einen Zeitraum zu berechnen, der kürzer als eine Zinsperiode ist oder einer Zinsperiode entspricht, so werden sie berechnet auf der Grundlage der Anzahl der Tage in dem betreffenden Zeitraum (ab dem ersten Tag, an dem Zinsen auflaufen (einschließlich) bis zu dem Tag, an dem die Zinsen fällig

werden (ausschließlich)), dividiert durch die Anzahl der Tage in der Zinsperiode, in die der betreffende Zeitraum fällt (Act/Act (ICMA)) (einschließlich des ersten Tages, aber ausschließlich des letzten Tages).

(5) *Zinslaufende*. Die Verzinsung der Schuldverschreibungen endet mit Beginn des Tages, an dem ihr Kapitalbetrag zur Rückzahlung fällig wird. Sollte die Emittentin eine Zahlung von Kapital auf die Schuldverschreibungen bei Fälligkeit nicht leisten, endet die Verzinsung der Schuldverschreibungen mit Beginn des Tages der tatsächlichen Zahlung. Der in einem solchen Fall jeweils anzuwendende Zinssatz wird gemäß § 3 bestimmt.

§ 4

FÄLLIGKEIT VON ZINSAZHLUNGEN; AUFSCHUB VON ZINSAZHLUNGEN; ZAHLUNG AUFGESCHOBENER ZINSAZHLUNGEN

(1) *Fälligkeit von Zinszahlungen; wahlweiser Zinsaufschub*. Zinsen, die während einer Zinsperiode auflaufen, werden an dem betreffenden Zinszahlungstag fällig, sofern sich die Emittentin nicht durch eine Bekanntmachung an die Gläubiger gemäß § 13 innerhalb einer Frist von nicht weniger als 10 Geschäftstagen vor dem betreffenden Zinszahlungstag dazu entscheidet, die betreffende Zinszahlung (insgesamt, jedoch nicht teilweise) auszusetzen.

Wenn sich die Emittentin an einem Zinszahlungstag zur Nichtzahlung aufgelaufener Zinsen entscheidet, dann ist sie nicht verpflichtet, an dem betreffenden Zinszahlungstag Zinsen zu zahlen. Diese sind Aufgeschobene Zinszahlungen. Eine Nichtzahlung von Zinsen aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund der Schuldverschreibungen oder für sonstige Zwecke.

Nach Maßgabe dieses § 4 Absatz 1 nicht fällig gewordene Zinsen sind aufgeschobene Zinszahlungen ("**Aufgeschobene Zinszahlungen**").

Aufgeschobene Zinszahlungen werden nicht verzinst.

(2) *Freiwillige Zahlung von Aufgeschobenen Zinszahlungen*. Die Emittentin ist berechtigt, ausstehende Aufgeschobene Zinszahlungen jederzeit insgesamt, jedoch nicht teilweise, nach Bekanntmachung an die Gläubiger unter Einhaltung einer Frist von nicht weniger als 10 Geschäftstagen vor einer freiwilligen Zinszahlung zu zahlen, wobei eine solche Bekanntmachung (i) den Betrag an Aufgeschobenen Zinszahlungen, der gezahlt werden soll, und (ii) den für diese Zahlung festgelegten Termin enthalten muss.

(3) *Pflicht zur Zahlung von Aufgeschobenen Zinszahlungen*. Die Emittentin ist verpflichtet, Aufgeschobene Zinszahlungen insgesamt und nicht nur teilweise am nächsten Pflichtnachzahlungstag zu zahlen.

"**Pflichtnachzahlungstag**" bezeichnet den frühesten der folgenden Tage:

- (i) den Tag, der fünf Geschäftstage nach dem Tag liegt, an dem ein Obligatorisches Nachzahlungsereignis eingetreten ist;
- (ii) den Tag, an dem die Emittentin Zinsen auf die Schuldverschreibungen zahlt;
- (iii) den Tag, an dem die Emittentin oder eine Tochtergesellschaft eine Dividende, sonstige Ausschüttung oder sonstige Zahlung auf eine Gleichrangige Verbindlichkeit leistet;
- (iv) den Tag, an dem die Emittentin oder eine Tochtergesellschaft eine Gleichrangige Verbindlichkeit oder eine Schuldverschreibung zurückzahlt, zurückkauft oder anderweitig erwirbt (jeweils direkt oder indirekt);
- (v) den Tag der Rückzahlung der Schuldverschreibungen gemäß diesen Bedingungen; und
- (vi) den Tag, an dem eine Entscheidung hinsichtlich der Auseinandersetzung, Liquidation oder Auflösung der Emittentin ergeht (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. bei der die Emittentin noch zahlungsfähig ist und bei dem bzw. bei der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt),

mit der Maßgabe, dass

- (x) in den vorgenannten Fällen (iii) und (iv) kein Pflichtnachzahlungstag vorliegt, wenn die Emittentin oder die betreffende Tochtergesellschaft nach Maßgabe der Emissionsbedingungen der betreffenden Gleichrangigen Verbindlichkeit zu der Zahlung, zu der Rückzahlung, zu dem Rückkauf oder zu dem anderweitigen Erwerb verpflichtet ist;
- (y) in dem vorgenannten Fall (iv) kein Pflichtnachzahlungstag vorliegt, wenn die Emittentin oder die betreffende Tochtergesellschaft (jeweils direkt oder indirekt) Gleichrangige Verbindlichkeiten oder Schuldverschreibungen (insgesamt oder teilweise) nach einem öffentlichen Rückkaufangebot oder öffentlichen Umtauschangebot mit einer unter dem Nennwert liegenden Gegenleistung je

- Gleichrangiger Verbindlichkeit bzw. je Schuldverschreibung zurückkauft oder anderweitig erwirbt; und
- (z) in den vorgenannten Fällen (iii) und (iv) kein Pflichtnachzahlungstag vorliegt, wenn die betreffenden Zahlungen auf oder in Bezug auf Gleichrangige Wertpapiere Konzerninterne Zahlungen sind.

Ein "**Obligatorisches Nachzahlungsereignis**" bezeichnet vorbehaltlich des nachstehenden Satzes 2 jedes der folgenden Ereignisse:

- (i) die ordentliche Hauptversammlung der Emittentin beschließt, eine Dividende, sonstige Ausschüttung oder sonstige Zahlung auf eine Aktie einer beliebigen Gattung der Emittentin zu leisten (mit Ausnahme einer Dividende, Ausschüttung oder Zahlung in Form von Stammaktien der Emittentin);
- (ii) die Emittentin oder eine Tochtergesellschaft zahlt eine Dividende, sonstige Ausschüttung oder sonstige Zahlung auf eine Nachrangige Verbindlichkeit (mit Ausnahme einer Dividende, Ausschüttung oder Zahlung in Form von Stammaktien der Emittentin); oder
- (iii) die Emittentin oder eine Tochtergesellschaft (jeweils direkt oder indirekt) zahlt oder kauft eine Nachrangige Verbindlichkeit zurück oder erwirbt sie anderweitig.

In den vorgenannten Fällen (ii) und (iii) tritt jedoch kein Obligatorisches Nachzahlungsereignis ein, wenn

- (x) die Emittentin oder die betreffende Tochtergesellschaft nach Maßgabe der Emissionsbedingungen der betreffenden Nachrangigen Verbindlichkeit zu der Zahlung, zu der Rückzahlung, zu dem Rückkauf oder zu dem anderweitigen Erwerb verpflichtet ist;
- (y) die Emittentin oder die betreffende Tochtergesellschaft Aktien einer beliebigen Gattung der Emittentin oder eine Nachrangige Verbindlichkeit nach Maßgabe eines bestehenden oder zukünftigen Aktienoptions- oder Aktienbeteiligungsprogramms oder ähnlichen Programms für Mitglieder des Vorstands oder des Aufsichtsrats (oder, im Falle verbundener Unternehmen, ähnlicher Gremien) oder Mitarbeiter der Emittentin oder mit ihr verbundener Unternehmen (jeweils direkt oder indirekt) zurückkauft oder anderweitig erwirbt; oder
- (z) die betreffenden Zahlungen auf oder in Bezug auf Nachrangige Verbindlichkeiten Konzerninterne Zahlungen sind.

"**Konzerninterne Zahlungen**" sind Zahlungen, die ausschließlich an die Emittentin und/oder an eine oder mehrere ihrer Tochtergesellschaften erfolgen.

§ 5

RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht vorzeitig zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen am 1. Juli 2075 (der "**Fälligkeitstag**") zu ihrer festgelegten Stückelung zuzüglich aufgelaufener aber nicht bezahlter Zinsbeträge zum Fälligkeitstag (ausschließlich) sowie Aufgeschobener Zinszahlungen zurückgezahlt.

(2) *Vorzeitige Rückzahlung nach Wahl der Emittentin und bei geringem ausstehendem Gesamtnennbetrag.* Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Tagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) erstmals mit Wirkung zum Ersten Rückzahlungstermin, und danach mit Wirkung zu jedem nachfolgenden Zinszahlungstag zu kündigen. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrer festgelegten Stückelung zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen zurückzuzahlen.

Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Tagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) jederzeit zu kündigen, falls mindestens 80 % des ursprünglich begebenen Gesamtnennbetrages der Schuldverschreibungen zurückgezahlt oder erworben und eingezogen worden sind. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrer festgelegten Stückelung zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen zurückzuzahlen.

(3) *Andere vorzeitige Rückzahlungsereignisse.* Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Tagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) jederzeit zu kündigen, falls eines der folgenden vorzeitigen Rückzahlungsereignisse eingetreten ist. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrem jeweiligen Vorzeitigen Rückzahlungsbetrag zurückzuzahlen. Die Bekanntmachung hat den Grund der vorzeitigen Rückzahlung und den Rückzahlungstag anzugeben.

(i) Ein "**Ratingereignis**" tritt ein, wenn entweder:

- (x) eine Ratingagentur eine Veränderung in der Methodologie für Hybridkapital oder der Interpretation dieser Methodologie veröffentlicht, wodurch die Schuldverschreibungen nicht mehr länger in derselben oder einer höheren Eigenkapitalanrechnung (oder eine vergleichbare Beschreibung, die von der Ratingagentur in Zukunft genutzt wird, um zu beschreiben in wieweit die Bedingungen eines Instruments die vorrangigen Verbindlichkeiten der Emittentin unterstützen) wie zum Zinslaufbeginn einzuordnen sind oder, wenn keine Eigenkapitalanrechnung zum Zinslaufbeginn von der Ratingagentur bestimmt wurde, zu dem Tag, an dem erstmals die Eigenkapitalanrechnung von der Ratingagentur bestimmt wird oder, im Fall von S&P, an dem Tag, an dem die höchste Eigenkapitalanrechnung im Zeitraum vom Zinslaufbeginn bis zum letzten Tag, an dem ein Akquisitionsergebnis eintreten kann, zugewiesen wurde (ein "**Verlust der Eigenkapitalanrechnung**"), oder
- (y) die Emittentin eine schriftliche Bestätigung von einer Ratingagentur erhalten und diese an die Hauptzahlstelle in Kopie weitergegeben hat, welche besagt, dass aufgrund einer Änderung der Methodologie für Hybridkapital oder der Interpretation dieser Methodologie, ein Verlust der Eigenkapitalanrechnung erfolgt ist,

und die Emittentin die Gläubiger über das Ratingereignis gemäß § 13 informiert hat bevor die Mitteilung der Rückzahlung (wie oben beschrieben) bekanntgemacht wurde.

"**Ratingagentur**" bezeichnet jeweils Moody's und S&P, wobei "**Moody's**" Moody's Investors Services Limited oder eine ihrer Nachfolgegesellschaften bezeichnet und "**S&P**" Standard & Poor's Rating Services, eine Abteilung der McGraw-Hill Companies, Inc., bezeichnet, oder eine andere durch die Emittentin bezeichnete Ratingagentur mit gleichwertiger internationaler Anerkennung sowie jeweils ihre Tochter- oder Nachfolgegesellschaften.

- (ii) Ein "**Steuerereignis**" tritt ein, wenn die Emittentin ein Gutachten einer international anerkannten Rechtsanwaltskanzlei erhalten hat, aus dem hervorgeht, dass nach dem Zinslaufbeginn als Folge einer Änderung von deutschem Recht oder dessen offizieller Auslegung oder Anwendung die steuerliche Behandlung von Zinszahlungen, die von der Emittentin in Bezug auf die Schuldverschreibungen zahlbar sind, dergestalt geändert wurde, dass sie nicht mehr für die Zwecke der Körperschaftssteuer ganz oder teilweise abzugsfähig sind; und die Emittentin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann.
- (iii) Ein "**Gross-up Ereignis**" tritt ein, wenn die Emittentin als Folge einer Änderung nach dem Zinslaufbeginn von deutschen Gesetzen oder veröffentlichten Vorschriften verpflichtet ist, sämtliche gemäß § 8 zahlbaren zusätzlichen Beträge zu zahlen, allerdings nur soweit die Emittentin die Zahlungsverpflichtung nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann, die sie nach Treu und Glauben für angemessen hält.
- (iv) Ein "**Akquisitionsergebnis**" tritt ein, wenn
 - (x) die Emittentin die Akquisition von Merck & Co., Inc.'s Consumer-Care-Geschäft nicht abgeschlossen hat, und
 - (y) öffentlich dargelegt hat, dass nicht mehr beabsichtigt wird diese Akquisition zu verfolgen,und die Emittentin die Gläubiger an oder vor dem 31. März 2015 über das Akquisitionsergebnis gemäß § 13 informiert hat bevor die Mitteilung der Rückzahlung (wie oben beschrieben) bekanntgemacht wurde. Die Emittentin kann auf ihr Recht zur vorzeitigen Kündigung der Schuldverschreibungen aufgrund eines Akquisitionsergebnisses durch Bekanntmachung gemäß § 13 verzichten.

Der "**Vorzeitige Rückzahlungsbetrag**" bezeichnet (i) im Falle eines Akquisitionsergebnisses oder im Falle eines Ratingereignisses oder eines Steuerereignisses, an dem der maßgebliche für die Rückzahlung festgelegte Tag vor dem Ersten Rückzahlungstermin fällt, 101% der festgelegten Stückelung, und (ii) im Falle eines Ratingereignisses oder eines Steuerereignisses, an dem der maßgebliche für die Rückzahlung festgelegte Tag auf den oder nach dem Ersten Rückzahlungstermin fällt und im Falle eines Gross-up Ereignisses, 100% der festgelegten Stückelung, jeweils zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge bis zum

Rückzahlungstag (ausschließlich) sowie Aufgeschobener Zinszahlungen.

§ 6 ZAHLUNGEN

(1)(a) *Zahlungen auf Kapital.* Zahlungen auf Kapital in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes 2 an das Clearing System oder gegebenenfalls dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und, (soweit es sich nicht um eine Teilzahlung handelt) Übergabe der Globalurkunde, mit der die Schuldverschreibungen verbrieft werden, zum Zeitpunkt der Zahlung in der bezeichneten Geschäftsstelle der Hauptzahlstelle außerhalb der Vereinigten Staaten.

(b) *Zahlung von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz 2 an das Clearing System oder gegebenenfalls dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz 2 an das Clearing System oder gegebenenfalls dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz 3(b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der festgelegten Währung.

(3) *Vereinigte Staaten.* Für die Zwecke des § 1 Absatz 3 und des Absatzes 1 dieses § 6 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag, der ein Geschäftstag ist.

(6) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Bedingungen auf einen Kapitalbetrag der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: die festgelegte Stückelung der Schuldverschreibungen, den Vorzeitigen Rückzahlungsbetrag sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Bedingungen auf Zinsen auf die Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 8 zahlbaren zusätzlichen Beträge einschließen.

(7) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

§ 7 STELLEN

(1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Hauptzahlstelle und die anfänglich bestellte Berechnungsstelle und ihre bezeichneten Geschäftsstellen lauten wie folgt:

Hauptzahlstelle:

Citibank, N.A., London Branch
13th Floor
Citigroup Centre,
Canada Square
London E14 5LB
England

Berechnungsstelle:
Citibank, N.A., London Branch
13th Floor
Citigroup Centre,
Canada Square
London E14 5LB
England

Die Hauptzahlstelle und die Berechnungsstelle behalten sich das Recht vor, jederzeit ihre bezeichneten Geschäftsstellen durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Hauptzahlstelle oder der Berechnungsstelle zu ändern oder zu beenden und eine andere Hauptzahlstelle, zusätzliche Zahlstellen oder eine andere Berechnungsstelle zu bestellen. Die Emittentin wird zu jedem Zeitpunkt (i) eine Hauptzahlstelle unterhalten und (ii) eine Berechnungsstelle unterhalten. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 13 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

(3) *Beauftragte der Emittentin.* Die Hauptzahlstelle und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

§ 8 STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind an der Quelle ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtig oder zukünftig bestehenden Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer mit dem Recht zur Steuererhebung versehenen politischen Untergliederung oder Behörde der Vorgenannten auferlegt oder erhoben werden (zusammen "**Quellensteuer**"), es sei denn, dieser Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen an Kapital und Zinsen entsprechen, die ohne einen solchen Abzug oder Einbehalt von den Gläubigern empfangen worden wären. Die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

- (a) anders als durch Einbehalt oder Abzug von Zahlungen zu entrichten sind, die die Emittentin an den Gläubiger leistet; oder
- (b) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person abgezogen oder einbehalten werden oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder
- (c) von der Hauptzahlstelle oder einer zusätzlich bestellten Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können; oder
- (d) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist/sind, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder
- (e) aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge wirksam wird; oder
- (f) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zu der Bundesrepublik Deutschland oder weil der Gläubiger in der Bundesrepublik Deutschland wohnhaft ist bzw. für Zwecke der Besteuerung so behandelt wird oder weil der Gläubiger gewünscht hat, so behandelt zu werden oder weil der Gläubiger einen dauerhaften Wohnsitz in der Bundesrepublik Deutschland (oder so behandelt wird) oder in einem anderen Mitgliedstaat der Europäischen Union hat zu zahlen sind. Dies gilt jedoch nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind.

Ungeachtet sonstiger hierin enthaltener Bestimmungen, darf die Emittentin Beträge, die gemäß einer beschriebenen Vereinbarung in Section 1471 (b) des U.S. Revenue Code von 1986 (der "**Code**") erforderlich sind oder die anderweitig aufgrund der Sections 1471 bis 1474 des Codes (oder jeder Änderung oder Nachfolgeregelung), der Regelungen oder Verträge darunter, der offiziellen Auslegungen davon oder jeglicher rechtsausführender und zwischenstaatlicher Zusammenarbeit dazu beruhen, einbehalten oder abziehen ("**FATCA Quellensteuer**"). Die Emittentin ist aufgrund einer durch die Emittentin, die Hauptzahlstelle, eine zusätzlich bestellte Zahlstelle oder eine andere Partei abgezogenen oder einbehaltenen FATCA Quellensteuer nicht zur Zahlung zusätzlicher Beträge oder anderweitig zur Entschädigung der Gläubiger verpflichtet.

§ 9

VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für Ansprüche aus den Schuldverschreibungen auf zehn Jahre verkürzt.

§ 10

ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger jede andere Gesellschaft, deren stimmberechtigte Anteile zu mehr als 90% direkt oder indirekt von der Emittentin gehalten werden, an Stelle der Emittentin als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit dieser Emission einzusetzen, vorausgesetzt, dass:

- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (b) die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten hat und berechtigt ist, an die Hauptzahlstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in der hierin festgelegten Währung zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;
- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Quellensteuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge garantiert; und
- (e) der Hauptzahlstelle jeweils ein Rechtsgutachten bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d) erfüllt wurden.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 13 bekanntzumachen.

(3) *Änderung von Bezugnahmen.* Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Bedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat.

Außerdem gilt im Falle der Ersetzung in § 8 und § 5 Absatz 3 eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat.

Die Emittentin ist berechtigt, die Globalurkunde und die Bedingungen ohne Zustimmung der Gläubiger anzupassen, soweit dies erforderlich ist, um die Wirkungen der Ersetzung nachzuvollziehen. Entsprechend angepasste Globalurkunden oder Bedingungen werden bei dem oder für das Clearing System hinterlegt.

§ 11

ÄNDERUNG DER BEDINGUNGEN, GEMEINSAMER VERTRETER

(1) *Änderung der Bedingungen.* Die Emittentin kann mit Zustimmung der Gläubiger entsprechend den Bestimmungen des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – "**SchVG**") die Bedingungen hinsichtlich eines nach dem SchVG zugelassenen Gegenstands ändern. Die Gläubiger entscheiden über ihre Zustimmung durch einen Beschluss mit der in Absatz 2 bestimmten Mehrheit.

Die Mehrheitsbeschlüsse der Gläubiger sind für alle Gläubiger gleichermaßen verbindlich. Ein Mehrheitsbeschluss der Gläubiger, der nicht gleiche Bedingungen für alle Gläubiger vorsieht, ist unwirksam, es sei denn, die benachteiligten Gläubiger stimmen ihrer Benachteiligung ausdrücklich zu.

(2) *Mehrheitserfordernisse.* Die Gläubiger entscheiden mit einer Mehrheit von 75 % der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Bedingungen nicht geändert wird, und die keinen Gegenstand des § 5 Absatz 3 Nr. 1 bis Nr. 8 und (soweit § 10 dieser Bedingungen keine andere Regelung vorsieht) Nr. 9 des SchVG betreffen, bedürfen zu ihrer Wirksamkeit einer einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte.

(3) *Abstimmung ohne Versammlung.* Alle Abstimmungen werden, vorbehaltlich des nächsten Satzes, ausschließlich im Wege der Abstimmung ohne Versammlung durchgeführt. Eine Gläubigerversammlung und eine Übernahme der Kosten für eine solche Versammlung durch die Emittentin findet ausschließlich im Fall des § 18 Absatz 4 Satz 2 SchVG statt.

(4) *Leitung der Abstimmung.* Die Abstimmung wird von einem von der Emittentin beauftragten Notar oder, falls der gemeinsame Vertreter zur Abstimmung aufgefordert hat, vom gemeinsamen Vertreter geleitet.

(5) *Stimmrecht.* An Abstimmungen der Gläubiger nimmt jeder Gläubiger nach Maßgabe des Nennwerts oder des rechnerischen Anteils seiner Berechtigung an den ausstehenden Schuldverschreibungen teil.

(6) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter für alle Gläubiger bestellen.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, welche ihm durch Gesetz oder von den Gläubigern durch Mehrheitsbeschluss eingeräumt wurden. Er hat die Weisungen der Gläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Gläubiger ermächtigt ist, sind die einzelnen Gläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn, der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Gläubigern zu berichten. Für die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters gelten die Vorschriften des SchVG.

§ 12

BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit den gleichen Bedingungen (gegebenenfalls mit Ausnahme des Tages der Begebung, des Zinslaufbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit den Schuldverschreibungen eine einheitliche Emission bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Hauptzahlstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Rückkaufangebot erfolgen, muss dieses Angebot allen Gläubigern gleichermaßen gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 13

MITTEILUNGEN

(1) *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen werden im Bundesanzeiger veröffentlicht und erfolgen zusätzlich durch elektronische Publikation auf der Website der Luxemburger Börse (www.bourse.lu). Jede Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System.* Solange Schuldverschreibungen an der Offiziellen Liste der Luxemburger Börse notiert sind, findet Absatz 1 Anwendung. Soweit die Regeln der Luxemburger Börse dies sonst zulassen, kann die Emittentin eine Veröffentlichung nach Absatz 1 durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

§ 14
ANWENDBARES RECHT,
GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

- (1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie Pflichten der Emittentin und Rechte der Gläubiger bestimmen sich in jeder Hinsicht nach deutschem Recht.
- (2) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main.
- (3) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage wahrzunehmen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.

§ 15
SPRACHE

Diese Bedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

Beschränkungen bezüglich der Rückzahlung und des Rückkaufs der Schuldverschreibungen

Der folgende Absatz in Kursivschrift ist nicht Bestandteil der Bedingungen.

Die Emittentin beabsichtigt (ohne dadurch eine Rechtspflicht zu übernehmen) die Schuldverschreibungen nur zurückzuzahlen oder zurückzukaufen, soweit sie durch Instrumente mit gleichwertiger S&P Eigenkapitalanrechnung ersetzt werden. Ein solcher Ersatz würde innerhalb von 360 Tagen vor dem Tag der Rückzahlung oder des Rückkaufs geschaffen werden. Als Ersatz gelten die Nettoerlöse, die die Emittentin, oder eine Tochtergesellschaft der Emittentin aus dem Verkauf an Dritte von Wertpapieren erhält, die eine S&P Eigenkapitalanrechnung haben, die mindestens so hoch ist wie die höchste S&P Eigenkapitalanrechnung der Schuldverschreibungen im Zeitraum vom Verzinsungsbeginn bis zum letzten Tag, an dem ein Akquisitionseignis eintreten kann.

Es gelten jedoch folgende Ausnahmen in Bezug auf die Absicht der Emittentin. Es muss nicht für Ersatz gesorgt werden:

- (i) *wenn das der Emittentin durch S&P erteilte Rating mindestens A- beträgt und die Emittentin sich sicher ist, dass ein solches Rating infolge der Rückzahlung oder des Rückkaufs nicht unter diesen Wert fallen würde oder*
- (ii) *im Fall eines Rückkaufs von Schuldverschreibungen in Höhe von weniger als (x) 10% des ursprünglich ausgegebenen Gesamtnennbetrags der Schuldverschreibungen während einer Frist von 12 aufeinander folgenden Monaten oder (y) 25% des ursprünglich ausgegebenen Gesamtnennbetrags der Schuldverschreibungen während einer Frist von 10 aufeinander folgenden Jahren oder*

- (iii) *im Fall der Rückzahlung der Schuldverschreibungen gemäß einem Ratingereignis (sofern es durch eine Änderung von S&P Methodologie verursacht wurde), einem Steuerereignis, einem Akquisitionsergebnis oder einem Gross-Up Ereignis oder*
- (iv) *wenn die Schuldverschreibungen keine Eigenkapitalanrechnung (oder eine solche von S&P zum Zeitpunkt der Rückzahlung oder des Rückkaufs dann verwendete gleichartige Klassifikation) aufweisen oder*
- (v) *wenn die Rückzahlung oder der Rückkauf am oder nach dem 1. Juli 2040 erfolgt.*

NC10 Tranche

§ 1

WÄHRUNG, STÜCKELUNG, FORM, BEGRIFFSBESTIMMUNGEN

(1) *Währung; Stückelung.* Diese Emission von Schuldverschreibungen (die "**Schuldverschreibungen**") der Bayer Aktiengesellschaft (die "**Emittentin**") wird in Euro (die "**festgelegte Währung**") im Gesamtnennbetrag von Euro 1.500.000.000 (in Worten: Euro eine Milliarde fünfhundert Millionen) in Stückelungen von Euro 1.000 (die "**festgelegte Stückelung**") begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

(3) *Vorläufige Globalurkunde — Austausch.*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in den festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die Unterschriften von zwei ordnungsgemäß bevollmächtigten Vertretern der Emittentin und sind jeweils von der Hauptzahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die vorläufige Globalurkunde wird frühestens an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde austauschbar, der 40 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegt. Ein solcher Austausch soll nur nach Vorlage von Bescheinigungen gemäß U.S. Steuerrecht erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt, diese vorläufige Globalurkunde gemäß diesem Absatz (b) dieses § 1 Absatz 3 auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten zu liefern (wie in § 6 Absatz 3 definiert).

(4) *Clearing System.* Die die Schuldverschreibungen verbrieftende Globalurkunde wird von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "**Clearing System**" bedeutet folgendes: Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Bundesrepublik Deutschland ("**CBF**").

(5) *Gläubiger von Schuldverschreibungen.* "**Gläubiger**" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen treugeberischen oder eigenen Rechts an den Schuldverschreibungen.

§ 2

STATUS

(1) *Status.* Die Schuldverschreibungen begründen nicht besicherte Verbindlichkeiten der Emittentin, die im Fall der Abwicklung, Auflösung oder Liquidation der Emittentin:

- (i) nur Nachrangigen Verbindlichkeiten im Rang vorgehen,
- (ii) untereinander und mit jeder Gleichrangigen Verbindlichkeit im Rang gleich stehen, und
- (iii) allen anderen bestehenden und zukünftigen nachrangigen und nicht nachrangigen Verbindlichkeiten im Rang nachgehen, die nicht Gleichrangige Verbindlichkeiten oder Nachrangige Verbindlichkeiten sind.

"**Nachrangige Verbindlichkeiten**" bezeichnet

- (i) die Stammaktien der Emittentin,
- (ii) gegenwärtige oder zukünftige Aktien einer anderen Gattung von Aktien der Emittentin, die gleichrangig mit den Stammaktien der Emittentin sind,
- (iii) andere von der Emittentin begebene gegenwärtige oder zukünftige Wertpapiere, Namenswertpapiere oder andere Instrumente, bei denen die daraus folgenden Verbindlichkeiten der Emittentin mit den Stammaktien der Emittentin gleichrangig sind oder für die ausdrücklich ein Gleichrang festgelegt ist, und
- (iv) jedes gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft begeben und von der Emittentin garantiert ist oder für das die Emittentin die

Haftung übernommen hat, und bei dem die Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie oder Haftungsübernahme mit den unter (i) und (ii) genannten Instrumenten gleichrangig sind oder für die ausdrücklich ein Gleichrang festgelegt ist.

"Gleichrangige Verbindlichkeiten" bezeichnet bestehende und zukünftige Verbindlichkeiten der Emittentin

- (i) aus Wertpapieren, Namenswertpapieren oder anderen von der Emittentin begebenen Instrumenten, die gleichrangig mit den Verbindlichkeiten der Emittentin unter den Schuldverschreibungen sind oder für die ausdrücklich ein Gleichrang festgelegt ist, oder
- (ii) aus einer Garantie oder anderen Haftungsübernahmen der Emittentin für ein gegenwärtiges oder zukünftiges Wertpapier, Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft begeben und von der Emittentin garantiert ist oder für das die Emittentin die Haftung übernommen hat, und bei dem die Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie oder Haftungsübernahme mit ihren Verbindlichkeiten aus den Schuldverschreibungen gleichrangig sind oder ausdrücklich ein Gleichrang festgelegt ist,

soweit nicht zwingende gesetzliche Bestimmungen solche anderen nachrangigen Verbindlichkeiten im Rang besser stellen.

Gleichrangige Verbindlichkeiten sind, unter anderem, die nicht besicherten nachrangigen Schuldverschreibungen fällig in 2105, erstmals kündbar in 2015, ISIN XS0225369403 (2005 Hybrid), die nicht besicherten nachrangigen Schuldverschreibungen fällig in 2075, erstmals kündbar in 2020, ISIN DE000A11QR65 (NC6 Tranche).

"Tochtergesellschaft" bezeichnet jede Gesellschaft, Personengesellschaft und jedes sonstige Unternehmen oder jede andere Person an der bzw. dem die Emittentin direkt oder indirekt insgesamt mehr als 50 % des Kapitals oder der Stimmrechte hält.

(2) **Aufrechnungsverbot.** Die Gläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen gegen mögliche Forderungen der Emittentin aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber Gläubigern gegen Verpflichtungen aus den Schuldverschreibungen aufzurechnen.

§ 3 ZINSEN

(1) **Zinslauf.** In dem Zeitraum ab dem 1. Juli 2014 (der "**Zinslaufbeginn**") (einschließlich) bis zum 1. Juli 2024 (der "**Erste Step-up Termin**") (ausschließlich) wird jede Schuldverschreibung bezogen auf die festgelegte Stückelung mit 3,75 % per annum verzinst.

In dem Zeitraum ab dem Ersten Step-up Termin (einschließlich) bis zum Fälligkeitstag (ausschließlich) belaufen sich die Zinsen jeder Schuldverschreibung auf den jeweiligen Reset-Zinssatz.

Zinsen werden nachträglich am 1. Juli eines jeden Jahres (jeweils ein "**Zinszahlungstag**") bezahlt und werden gemäß § 4 fällig. Die erste Zinszahlung erfolgt am 1. Juli 2015.

Der "**Reset-Zinssatz**" entspricht

- (i) vom Ersten Step-up Termin (einschließlich) bis zum 1. Juli 2044 (ausschließlich) (der "**Zweite Step-up Termin**") dem Ersten Reset-Zinssatz; und
- (ii) vom Zweiten Step-up Termin (einschließlich) bis zum Fälligkeitstag (ausschließlich) dem Zweiten Reset-Zinssatz.

Der "**Erste Reset-Zinssatz**" ist der 5-Jahres Swapsatz für den betreffenden Reset-Zeitraum zuzüglich 255 Basispunkte per annum, wie von der Berechnungsstelle festgelegt.

Der "**Zweite Reset-Zinssatz**" ist der 5-Jahres Swapsatz für den betreffenden Reset-Zeitraum zuzüglich 330 Basispunkte per annum, wie von der Berechnungsstelle festgelegt.

(2) Definitionen.

Der "**5-Jahres Swapsatz**" für den betreffenden Reset-Zeitraum wird von der Berechnungsstelle an dem Reset-Referenzsatz-Bestimmungstag vor dem betreffenden Reset-Termin, an dem der betreffende Reset-Zeitraum beginnt (der "**Referenz-Reset-Termin**"), festgelegt und ist

- (i) das rechnerische Mittel der Geld- und Briefkurse für den jährlichen Festzinsszahlungsstrom (berechnet auf einer 30/360 Tageberechnungsbasis) einer Fest-zu-variabel Euro-Zinsswaptransaktion, (x) die eine 5-jährige Laufzeit hat und am Referenz-Reset-Termin beginnt, (y) die auf einen Betrag lautet, der dem einer repräsentativen einzelnen Transaktion in dem relevanten Markt zur relevanten Zeit eines anerkannten Händlers mit guter Bonität im Swap-Markt entspricht, und (z) deren variabler Zahlungsstrom auf dem 6-Monats EURIBOR Satz beruht (berechnet auf einer Actual/360 Tage-Berechnungsbasis), wie es am Reset-Referenzsatz-Bestimmungstag um 11:00 Uhr (Frankfurter Zeit) auf dem Reuters Bildschirm "ISDAFIX2" unter der Überschrift "EURIBOR BASIS" und dem Untertitel "11:00 AM Frankfurt time" (auf dem solche Überschriften und Untertitel von Zeit zu Zeit erscheinen) (oder eine andere Bildschirmseite von Reuters oder einem anderen Informationsanbieter, die diese Seite zur Anzeige des in diesem Absatz beschriebenen rechnerischen Mittels von Swap-Transaktionen ersetzt) (die "**Reset-Bildschirmseite**") angezeigt wird; oder
- (ii) falls irgendeine für Alternative (i) benötigte Information am Reset-Referenzsatz-Bestimmungstag nicht auf der Reset-Bildschirmseite erscheint, der Reset-Referenzbankensatz am Reset-Referenzsatz-Bestimmungstag.

"**Geschäftstag**" bezeichnet einen Tag, an dem alle maßgeblichen Stellen des Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) Systems Geschäfte tätigen.

"**Referenzbanken**" bedeutet fünf im Interbankenmarkt führende Swap Dealer.

"**Repräsentative Höhe**" bedeutet die Höhe einer einzelnen Transaktion, die zur jeweiligen Zeit im Swap-Markt typisch ist.

"**Reset-Referenzbankensatz**" bezeichnet den Prozentsatz, der auf Basis der Midmarket Jahres-Swapsatz-Angebotssätze von den Referenzbanken um ungefähr 11:00 Uhr, Frankfurter Zeit, am Reset-Referenzsatz-Bestimmungstag festgestellt wird. Der Midmarket Jahres-Swapsatz ist der durch die Berechnungsstelle festgelegte Prozentsatz basierend auf dem rechnerischen Mittel des Geld- und Briefkurses für den Jahres-Festzinsszahlungsstrom, berechnet auf Basis eines 30/360 Zinstagequotienten, einer Fest-zu-variabel Euro-Zinsswaptransaktion mit einer Laufzeit von 5 Jahren beginnend mit dem Referenz-Reset-Termin, die in einer Repräsentativen Höhe mit einem anerkannten Händler von guter Bonität im Swap-Markt abgeschlossen wurde, wobei der variable Teil, berechnet basierend auf einem Actual/360 Zinstagequotienten, eine Endfälligkeit von sechs Monaten hat. Die Berechnungsstelle wird bei der Hauptniederlassung der Referenzbanken jeweils um einen Angebotssatz bitten. Falls zumindest drei Angebotssätze zur Verfügung gestellt werden, ist der Reset-Referenzbankensatz für den Reset-Termin das rechnerische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste Tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Angebotssätze, bereinigt um den höchsten Angebotssatz (oder, falls mehrere Angebotssätze gleich hoch sind, einen der höchsten) und den niedrigsten Angebotssatz (oder, falls mehrere Angebotssätze gleich niedrig sind, einen der niedrigsten).

"**Reset-Referenzsatz-Bestimmungstag**" ist der zweite Geschäftstag vor dem jeweiligen Reset-Termin.

"**Reset-Termin**" bezeichnet den Ersten Step-up Termin und jeden fünften Jahrestag des Ersten Step-up Termins.

"**Reset-Zeitraum**" bezeichnet jeden Zeitraum ab dem Ersten Step-up Termin (einschließlich) bis zum ersten Reset-Termin (ausschließlich) und nachfolgend ab jedem Reset-Termin (einschließlich) bis zu dem jeweils nächstfolgenden Reset-Termin (ausschließlich).

"**Zinsperiode**" bezeichnet jeden Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und nachfolgend ab jedem Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Zinszahlungstag (ausschließlich).

(3) *Berechnungen oder Festlegung durch die Berechnungsstelle.* Die Berechnungsstelle wird den Reset-Zinssatz für die Schuldverschreibungen am Reset-Referenzsatz-Bestimmungstag bestimmen und veranlassen, dass dieser der Emittentin, der Hauptzahlstelle und jeder Börse, an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Gläubigern gemäß § 13 unverzüglich, aber keinesfalls später als am achten auf dessen Bestimmung folgenden Geschäftstag mitgeteilt wird.

(4) *Zinstagequotient.* Sind Zinsen für einen Zeitraum zu berechnen, der kürzer als eine Zinsperiode ist oder einer Zinsperiode entspricht, so werden sie berechnet auf der Grundlage der Anzahl der Tage in dem betreffenden Zeitraum (ab dem ersten Tag, an dem Zinsen auflaufen (einschließlich) bis zu dem Tag, an dem die Zinsen fällig werden (ausschließlich)), dividiert durch die Anzahl der Tage in der Zinsperiode, in die der betreffende Zeitraum fällt (Act/Act (ICMA)) (einschließlich des ersten Tages, aber ausschließlich des letzten Tages).

(5) *Zinslaufende.* Die Verzinsung der Schuldverschreibungen endet mit Beginn des Tages, an dem ihr Kapitalbetrag zur Rückzahlung fällig wird. Sollte die Emittentin eine Zahlung von Kapital auf die Schuldverschreibungen bei Fälligkeit nicht leisten, endet die Verzinsung der Schuldverschreibungen mit Beginn des Tages der tatsächlichen Zahlung. Der in einem solchen Fall jeweils anzuwendende Zinssatz wird gemäß § 3 bestimmt.

§ 4

FÄLLIGKEIT VON ZINSAZHALUNGEN; AUFSCHUB VON ZINSAZHALUNGEN; ZAHLUNG AUFGESCHOBENER ZINSAZHALUNGEN

(1) *Fälligkeit von Zinszahlungen; wahlweiser Zinsaufschub.* Zinsen, die während einer Zinsperiode auflaufen, werden an dem betreffenden Zinszahlungstag fällig, sofern sich die Emittentin nicht durch eine Bekanntmachung an die Gläubiger gemäß § 13 innerhalb einer Frist von nicht weniger als 10 Geschäftstagen vor dem betreffenden Zinszahlungstag dazu entscheidet, die betreffende Zinszahlung (insgesamt, jedoch nicht teilweise) auszusetzen.

Wenn sich die Emittentin an einem Zinszahlungstag zur Nichtzahlung aufgelaufener Zinsen entscheidet, dann ist sie nicht verpflichtet, an dem betreffenden Zinszahlungstag Zinsen zu zahlen. Diese sind Aufgeschobene Zinszahlungen. Eine Nichtzahlung von Zinsen aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund der Schuldverschreibungen oder für sonstige Zwecke.

Nach Maßgabe dieses § 4 Absatz 1 nicht fällig gewordene Zinsen sind aufgeschobene Zinszahlungen ("**Aufgeschobene Zinszahlungen**").

Aufgeschobene Zinszahlungen werden nicht verzinst.

(2) *Freiwillige Zahlung von Aufgeschobenen Zinszahlungen.* Die Emittentin ist berechtigt, ausstehende Aufgeschobene Zinszahlungen jederzeit insgesamt, jedoch nicht teilweise, nach Bekanntmachung an die Gläubiger unter Einhaltung einer Frist von nicht weniger als 10 Geschäftstagen vor einer freiwilligen Zinszahlung zu zahlen, wobei eine solche Bekanntmachung (i) den Betrag an Aufgeschobenen Zinszahlungen, der gezahlt werden soll, und (ii) den für diese Zahlung festgelegten Termin enthalten muss.

(3) *Pflicht zur Zahlung von Aufgeschobenen Zinszahlungen.* Die Emittentin ist verpflichtet, Aufgeschobene Zinszahlungen insgesamt und nicht nur teilweise am nächsten Pflichtnachzahlungstag zu zahlen.

"**Pflichtnachzahlungstag**" bezeichnet den frühesten der folgenden Tage:

- (i) den Tag, der fünf Geschäftstage nach dem Tag liegt, an dem ein Obligatorisches Nachzahlungsereignis eingetreten ist;
- (ii) den Tag, an dem die Emittentin Zinsen auf die Schuldverschreibungen zahlt;
- (iii) den Tag, an dem die Emittentin oder eine Tochtergesellschaft eine Dividende, sonstige Ausschüttung oder sonstige Zahlung auf eine Gleichrangige Verbindlichkeit leistet;
- (iv) den Tag, an dem die Emittentin oder eine Tochtergesellschaft eine Gleichrangige Verbindlichkeit oder eine Schuldverschreibung zurückzahlt, zurückkauft oder anderweitig erwirbt (jeweils direkt oder indirekt);
- (v) den Tag der Rückzahlung der Schuldverschreibungen gemäß diesen Bedingungen; und
- (vi) den Tag, an dem eine Entscheidung hinsichtlich der Auseinandersetzung, Liquidation oder Auflösung der Emittentin ergeht (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. bei der die Emittentin noch zahlungsfähig ist und bei dem bzw. bei der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt),

mit der Maßgabe, dass

- (x) in den vorgenannten Fällen (iii) und (iv) kein Pflichtnachzahlungstag vorliegt, wenn die Emittentin oder die betreffende Tochtergesellschaft nach Maßgabe der Emissionsbedingungen der betreffenden Gleichrangigen Verbindlichkeit zu der Zahlung, zu der Rückzahlung, zu dem Rückkauf oder zu dem anderweitigen Erwerb verpflichtet ist;
- (y) in dem vorgenannten Fall (iv) kein Pflichtnachzahlungstag vorliegt, wenn die Emittentin oder die betreffende Tochtergesellschaft (jeweils direkt oder indirekt) Gleichrangige Verbindlichkeiten oder Schuldverschreibungen (insgesamt oder teilweise) nach einem öffentlichen Rückkaufangebot oder öffentlichen Umtauschangebot mit einer unter dem Nennwert liegenden Gegenleistung je Gleichrangiger Verbindlichkeit bzw. je Schuldverschreibung zurückkauft oder anderweitig erwirbt; und
- (z) in den vorgenannten Fällen (iii) und (iv) kein Pflichtnachzahlungstag vorliegt, wenn die betreffenden

Zahlungen auf oder in Bezug auf Gleichrangige Wertpapiere Konzerninterne Zahlungen sind.

Ein "**Obligatorisches Nachzahlungsereignis**" bezeichnet vorbehaltlich des nachstehenden Satzes 2 jedes der folgenden Ereignisse:

- (i) die ordentliche Hauptversammlung der Emittentin beschließt, eine Dividende, sonstige Ausschüttung oder sonstige Zahlung auf eine Aktie einer beliebigen Gattung der Emittentin zu leisten (mit Ausnahme einer Dividende, Ausschüttung oder Zahlung in Form von Stammaktien der Emittentin);
- (ii) die Emittentin oder eine Tochtergesellschaft zahlt eine Dividende, sonstige Ausschüttung oder sonstige Zahlung auf eine Nachrangige Verbindlichkeit (mit Ausnahme einer Dividende, Ausschüttung oder Zahlung in Form von Stammaktien der Emittentin); oder
- (iii) die Emittentin oder eine Tochtergesellschaft (jeweils direkt oder indirekt) zahlt oder kauft eine Nachrangige Verbindlichkeit zurück oder erwirbt sie anderweitig.

In den vorgenannten Fällen (ii) und (iii) tritt jedoch kein Obligatorisches Nachzahlungsereignis ein, wenn

- (x) die Emittentin oder die betreffende Tochtergesellschaft nach Maßgabe der Emissionsbedingungen der betreffenden Nachrangigen Verbindlichkeit zu der Zahlung, zu der Rückzahlung, zu dem Rückkauf oder zu dem anderweitigen Erwerb verpflichtet ist;
- (y) die Emittentin oder die betreffende Tochtergesellschaft Aktien einer beliebigen Gattung der Emittentin oder eine Nachrangige Verbindlichkeit nach Maßgabe eines bestehenden oder zukünftigen Aktienoptions- oder Aktienbeteiligungsprogramms oder ähnlichen Programms für Mitglieder des Vorstands oder des Aufsichtsrats (oder, im Falle verbundener Unternehmen, ähnlicher Gremien) oder Mitarbeiter der Emittentin oder mit ihr verbundener Unternehmen (jeweils direkt oder indirekt) zurückkauft oder anderweitig erwirbt; oder
- (z) die betreffenden Zahlungen auf oder in Bezug auf Nachrangige Verbindlichkeiten Konzerninterne Zahlungen sind.

"**Konzerninterne Zahlungen**" sind Zahlungen, die ausschließlich an die Emittentin und/oder an eine oder mehrere ihrer Tochtergesellschaften erfolgen.

§ 5

RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht vorzeitig zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen am 1. Juli 2074 (der "**Fälligkeitstag**") zu ihrer festgelegten Stückelung zuzüglich aufgelaufener aber nicht bezahlter Zinsbeträge zum Fälligkeitstag (ausschließlich) sowie Aufgeschobener Zinszahlungen zurückgezahlt.

(2) *Vorzeitige Rückzahlung nach Wahl der Emittentin und bei geringem ausstehendem Gesamtnennbetrag.* Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Tagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) erstmals mit Wirkung zum Ersten Step-up Termin, und danach mit Wirkung zu jedem nachfolgenden Zinszahlungstag zu kündigen. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrer festgelegten Stückelung zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen zurückzuzahlen.

Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Tagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) jederzeit zu kündigen, falls mindestens 80 % des ursprünglich begebenen Gesamtnennbetrages der Schuldverschreibungen zurückgezahlt oder erworben und eingezogen worden sind. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrer festgelegten Stückelung zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen zurückzuzahlen.

(3) *Andere vorzeitige Rückzahlungsereignisse.* Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Tagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) jederzeit zu kündigen, falls eines der folgenden vorzeitigen Rückzahlungsereignisse eingetreten ist. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrem jeweiligen Vorzeitigen Rückzahlungsbetrag zurückzuzahlen. Die Bekanntmachung hat den Grund der vorzeitigen Rückzahlung und den Rückzahlungstag anzugeben.

(i) Ein "**Ratingereignis**" tritt ein, wenn entweder:

- (x) eine Ratingagentur eine Veränderung in der Methodologie für Hybridkapital oder der Interpretation dieser Methodologie veröffentlicht, wodurch die Schuldverschreibungen nicht mehr länger in derselben oder einer höheren Eigenkapitalanrechnung (oder eine vergleichbare Beschreibung, die von der Ratingagentur in Zukunft genutzt wird, um zu beschreiben in wieweit die Bedingungen eines Instruments die vorrangigen Verbindlichkeiten der Emittentin unterstützen) wie zum Zinslaufbeginn einzuordnen sind oder, wenn keine Eigenkapitalanrechnung zum Zinslaufbeginn von der Ratingagentur bestimmt wurde, zu dem Tag, an dem erstmals die Eigenkapitalanrechnung von der Ratingagentur bestimmt wird oder, im Fall von S&P, an dem Tag, an dem die höchste Eigenkapitalanrechnung im Zeitraum vom Zinslaufbeginn bis zum letzten Tag, an dem ein Akquisitionsergebnis eintreten kann, zugewiesen wurde (ein "**Verlust der Eigenkapitalanrechnung**"), oder
- (y) die Emittentin eine schriftliche Bestätigung von einer Ratingagentur erhalten und diese an die Hauptzahlstelle in Kopie weitergegeben hat, welche besagt, dass aufgrund einer Änderung der Methodologie für Hybridkapital oder der Interpretation dieser Methodologie, ein Verlust der Eigenkapitalanrechnung erfolgt ist,

und die Emittentin die Gläubiger über das Ratingereignis gemäß § 13 informiert hat bevor die Mitteilung der Rückzahlung (wie oben beschrieben) bekanntgemacht wurde.

"**Ratingagentur**" bezeichnet jeweils Moody's und S&P, wobei "**Moody's**" Moody's Investors Services Limited oder eine ihrer Nachfolgegesellschaften bezeichnet und "**S&P**" Standard & Poor's Rating Services, eine Abteilung der McGraw-Hill Companies, Inc., bezeichnet, oder eine andere durch die Emittentin bezeichnete Ratingagentur mit gleichwertiger internationaler Anerkennung sowie jeweils ihre Tochter- oder Nachfolgegesellschaften.

- (ii) Ein "**Steuerereignis**" tritt ein, wenn die Emittentin ein Gutachten einer international anerkannten Rechtsanwaltskanzlei erhalten hat, aus dem hervorgeht, dass nach dem Zinslaufbeginn als Folge einer Änderung von deutschem Recht oder dessen offizieller Auslegung oder Anwendung die steuerliche Behandlung von Zinszahlungen, die von der Emittentin in Bezug auf die Schuldverschreibungen zahlbar sind, dergestalt geändert wurde, dass sie nicht mehr für die Zwecke der Körperschaftssteuer ganz oder teilweise abzugsfähig sind; und die Emittentin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann.
- (iii) Ein "**Gross-up Ereignis**" tritt ein, wenn die Emittentin als Folge einer Änderung nach dem Zinslaufbeginn von deutschen Gesetzen oder veröffentlichten Vorschriften verpflichtet ist, sämtliche gemäß § 8 zahlbaren zusätzlichen Beträge zu zahlen, allerdings nur soweit die Emittentin die Zahlungsverpflichtung nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann, die sie nach Treu und Glauben für angemessen hält.
- (iv) Ein "**Akquisitionsergebnis**" tritt ein, wenn
 - (x) die Emittentin die Akquisition von Merck & Co., Inc.'s Consumer-Care-Geschäft nicht abgeschlossen hat, und
 - (y) öffentlich dargelegt hat, dass nicht mehr beabsichtigt wird diese Akquisition zu verfolgen,und die Emittentin die Gläubiger an oder vor dem 31. März 2015 über das Akquisitionsergebnis gemäß § 13 informiert hat bevor die Mitteilung der Rückzahlung (wie oben beschrieben) bekanntgemacht wurde. Die Emittentin kann auf ihr Recht zur vorzeitigen Kündigung der Schuldverschreibungen aufgrund eines Akquisitionsergebnisses durch Bekanntmachung gemäß § 13 verzichten.

Der "**Vorzeitige Rückzahlungsbetrag**" bezeichnet (i) im Falle eines Akquisitionsergebnisses oder im Falle eines Ratingereignisses oder eines Steuerereignisses, an dem der maßgebliche für die Rückzahlung festgelegte Tag vor dem Ersten Step-up Termin fällt, 101% der festgelegten Stückelung, und (ii) im Falle eines Ratingereignisses oder eines Steuerereignisses, an dem der maßgebliche für die Rückzahlung festgelegte Tag auf den oder nach dem Ersten Step-up Termin fällt und im Falle eines Gross-up Ereignisses, 100% der festgelegten Stückelung, jeweils zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge bis zum Rückzahlungstag (ausschließlich)

sowie Aufgeschobener Zinszahlungen.

§ 6 ZAHLUNGEN

(1)(a) *Zahlungen auf Kapital.* Zahlungen auf Kapital in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes 2 an das Clearing System oder gegebenenfalls dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und, (soweit es sich nicht um eine Teilzahlung handelt) Übergabe der Globalurkunde, mit der die Schuldverschreibungen verbrieft werden, zum Zeitpunkt der Zahlung in der bezeichneten Geschäftsstelle der Hauptzahlstelle außerhalb der Vereinigten Staaten.

(b) *Zahlung von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz 2 an das Clearing System oder gegebenenfalls dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz 2 an das Clearing System oder gegebenenfalls dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz 3(b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der festgelegten Währung.

(3) *Vereinigte Staaten.* Für die Zwecke des § 1 Absatz 3 und des Absatzes 1 dieses § 6 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag, der ein Geschäftstag ist.

(6) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Bedingungen auf einen Kapitalbetrag der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: die festgelegte Stückelung der Schuldverschreibungen, den Vorzeitigen Rückzahlungsbetrag sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Bedingungen auf Zinsen auf die Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 8 zahlbaren zusätzlichen Beträge einschließen.

(7) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

§ 7 STELLEN

(1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Hauptzahlstelle und die anfänglich bestellte Berechnungsstelle und ihre bezeichneten Geschäftsstellen lauten wie folgt:

Hauptzahlstelle:

Citibank, N.A., London Branch
13th Floor
Citigroup Centre,
Canada Square
London E14 5LB
England

Berechnungsstelle:
Citibank, N.A., London Branch
13th Floor
Citigroup Centre,
Canada Square
London E14 5LB
England

Die Hauptzahlstelle und die Berechnungsstelle behalten sich das Recht vor, jederzeit ihre bezeichneten Geschäftsstellen durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Hauptzahlstelle oder der Berechnungsstelle zu ändern oder zu beenden und eine andere Hauptzahlstelle, zusätzliche Zahlstellen oder eine andere Berechnungsstelle zu bestellen. Die Emittentin wird zu jedem Zeitpunkt (i) eine Hauptzahlstelle unterhalten und (ii) eine Berechnungsstelle unterhalten. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 13 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

(3) *Beauftragte der Emittentin.* Die Hauptzahlstelle und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

§ 8 STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind an der Quelle ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtig oder zukünftig bestehenden Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer mit dem Recht zur Steuererhebung versehenen politischen Untergliederung oder Behörde der Vorgenannten auferlegt oder erhoben werden (zusammen "**Quellensteuer**"), es sei denn, dieser Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen an Kapital und Zinsen entsprechen, die ohne einen solchen Abzug oder Einbehalt von den Gläubigern empfangen worden wären. Die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

- (a) anders als durch Einbehalt oder Abzug von Zahlungen zu entrichten sind, die die Emittentin an den Gläubiger leistet; oder
- (b) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person abgezogen oder einbehalten werden oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder
- (c) von der Hauptzahlstelle oder einer zusätzlich bestellten Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können; oder
- (d) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist/sind, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder
- (e) aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge wirksam wird; oder
- (f) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zu der Bundesrepublik Deutschland oder weil der Gläubiger in der Bundesrepublik Deutschland wohnhaft ist bzw. für Zwecke der Besteuerung so behandelt wird oder weil der Gläubiger gewünscht hat, so behandelt zu werden oder weil der Gläubiger einen dauerhaften Wohnsitz in der Bundesrepublik Deutschland (oder so behandelt wird) oder in einem anderen Mitgliedstaat der Europäischen Union hat zu zahlen sind. Dies gilt jedoch nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind.

Ungeachtet sonstiger hierin enthaltener Bestimmungen, darf die Emittentin Beträge, die gemäß einer beschriebenen Vereinbarung in Section 1471 (b) des U.S. Revenue Code von 1986 (der "**Code**") erforderlich sind oder die anderweitig aufgrund der Sections 1471 bis 1474 des Codes (oder jeder Änderung oder Nachfolgeregelung), der Regelungen oder Verträge darunter, der offiziellen Auslegungen davon oder jeglicher rechtsausführender und zwischenstaatlicher Zusammenarbeit dazu beruhen, einbehalten oder abziehen ("**FATCA Quellensteuer**"). Die Emittentin ist aufgrund einer durch die Emittentin, die Hauptzahlstelle, eine zusätzlich bestellte Zahlstelle oder eine andere Partei abgezogenen oder einbehaltenen FATCA Quellensteuer nicht zur Zahlung zusätzlicher Beträge oder anderweitig zur Entschädigung der Gläubiger verpflichtet.

§ 9

VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für Ansprüche aus den Schuldverschreibungen auf zehn Jahre verkürzt.

§ 10

ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger jede andere Gesellschaft, deren stimmberechtigte Anteile zu mehr als 90% direkt oder indirekt von der Emittentin gehalten werden, an Stelle der Emittentin als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit dieser Emission einzusetzen, vorausgesetzt, dass:

- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (b) die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten hat und berechtigt ist, an die Hauptzahlstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in der hierin festgelegten Währung zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;
- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Quellensteuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge garantiert; und
- (e) der Hauptzahlstelle jeweils ein Rechtsgutachten bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d) erfüllt wurden.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 13 bekanntzumachen.

(3) *Änderung von Bezugnahmen.* Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Bedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat.

Außerdem gilt im Falle der Ersetzung in § 8 und § 5 Absatz 3 eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat.

Die Emittentin ist berechtigt, die Globalurkunde und die Bedingungen ohne Zustimmung der Gläubiger anzupassen, soweit dies erforderlich ist, um die Wirkungen der Ersetzung nachzuvollziehen. Entsprechend angepasste Globalurkunden oder Bedingungen werden bei dem oder für das Clearing System hinterlegt.

§ 11

ÄNDERUNG DER BEDINGUNGEN, GEMEINSAMER VERTRETER

(1) *Änderung der Bedingungen.* Die Emittentin kann mit Zustimmung der Gläubiger entsprechend den Bestimmungen des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – "**SchVG**") die Bedingungen hinsichtlich eines nach dem SchVG zugelassenen Gegenstands ändern. Die Gläubiger entscheiden über ihre Zustimmung durch einen Beschluss mit der in Absatz 2 bestimmten Mehrheit.

Die Mehrheitsbeschlüsse der Gläubiger sind für alle Gläubiger gleichermaßen verbindlich. Ein Mehrheitsbeschluss der Gläubiger, der nicht gleiche Bedingungen für alle Gläubiger vorsieht, ist unwirksam, es sei denn, die benachteiligten Gläubiger stimmen ihrer Benachteiligung ausdrücklich zu.

(2) *Mehrheitserfordernisse.* Die Gläubiger entscheiden mit einer Mehrheit von 75 % der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Bedingungen nicht geändert wird, und die keinen Gegenstand des § 5 Absatz 3 Nr. 1 bis Nr. 8 und (soweit § 10 dieser Bedingungen keine andere Regelung vorsieht) Nr. 9 des SchVG betreffen, bedürfen zu ihrer Wirksamkeit einer einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte.

(3) *Abstimmung ohne Versammlung.* Alle Abstimmungen werden, vorbehaltlich des nächsten Satzes, ausschließlich im Wege der Abstimmung ohne Versammlung durchgeführt. Eine Gläubigerversammlung und eine Übernahme der Kosten für eine solche Versammlung durch die Emittentin findet ausschließlich im Fall des § 18 Absatz 4 Satz 2 SchVG statt.

(4) *Leitung der Abstimmung.* Die Abstimmung wird von einem von der Emittentin beauftragten Notar oder, falls der gemeinsame Vertreter zur Abstimmung aufgefordert hat, vom gemeinsamen Vertreter geleitet.

(5) *Stimmrecht.* An Abstimmungen der Gläubiger nimmt jeder Gläubiger nach Maßgabe des Nennwerts oder des rechnerischen Anteils seiner Berechtigung an den ausstehenden Schuldverschreibungen teil.

(6) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter für alle Gläubiger bestellen.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, welche ihm durch Gesetz oder von den Gläubigern durch Mehrheitsbeschluss eingeräumt wurden. Er hat die Weisungen der Gläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Gläubiger ermächtigt ist, sind die einzelnen Gläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn, der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Gläubigern zu berichten. Für die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters gelten die Vorschriften des SchVG.

§ 12

BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit den gleichen Bedingungen (gegebenenfalls mit Ausnahme des Tages der Begebung, des Zinslaufbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit den Schuldverschreibungen eine einheitliche Emission bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Hauptzahlstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Rückkaufangebot erfolgen, muss dieses Angebot allen Gläubigern gleichermaßen gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 13

MITTEILUNGEN

(1) *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen werden im Bundesanzeiger veröffentlicht und erfolgen zusätzlich durch elektronische Publikation auf der Website der Luxemburger Börse (www.bourse.lu). Jede Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System.* Solange Schuldverschreibungen an der Offiziellen Liste der Luxemburger Börse notiert sind, findet Absatz 1 Anwendung. Soweit die Regeln der Luxemburger Börse dies sonst zulassen, kann die Emittentin eine Veröffentlichung nach Absatz 1 durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

§ 14
ANWENDBARES RECHT,
GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

- (1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie Pflichten der Emittentin und Rechte der Gläubiger bestimmen sich in jeder Hinsicht nach deutschem Recht.
- (2) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main.
- (3) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage wahrzunehmen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.

§ 15
SPRACHE

Diese Bedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

Beschränkungen bezüglich der Rückzahlung und des Rückkaufs der Schuldverschreibungen

Der folgende Absatz in Kursivschrift ist nicht Bestandteil der Bedingungen.

Die Emittentin beabsichtigt (ohne dadurch eine Rechtspflicht zu übernehmen) die Schuldverschreibungen nur zurückzuzahlen oder zurückzukaufen, soweit sie durch Instrumente mit gleichwertiger S&P Eigenkapitalanrechnung ersetzt werden. Ein solcher Ersatz würde innerhalb von 360 Tagen vor dem Tag der Rückzahlung oder des Rückkaufs geschaffen werden. Als Ersatz gelten die Nettoerlöse, die die Emittentin, oder eine Tochtergesellschaft der Emittentin aus dem Verkauf an Dritte von Wertpapieren erhält, die eine S&P Eigenkapitalanrechnung haben, die mindestens so hoch ist wie die höchste S&P Eigenkapitalanrechnung der Schuldverschreibungen im Zeitraum vom Verzinsungsbeginn bis zum letzten Tag, an dem ein Akquisitionseignis eintreten kann.

Es gelten jedoch folgende Ausnahmen in Bezug auf die Absicht der Emittentin. Es muss nicht für Ersatz gesorgt werden:

- (i) *wenn das der Emittentin durch S&P erteilte Rating mindestens A- beträgt und die Emittentin sich sicher ist, dass ein solches Rating infolge der Rückzahlung oder des Rückkaufs nicht unter diesen Wert fallen würde oder*
- (ii) *im Fall eines Rückkaufs von Schuldverschreibungen in Höhe von weniger als (x) 10% des ursprünglich ausgegebenen Gesamtnennbetrags der Schuldverschreibungen während einer Frist von 12 aufeinander folgenden Monaten oder (y) 25% des ursprünglich ausgegebenen Gesamtnennbetrags der Schuldverschreibungen während einer Frist von 10 aufeinander folgenden Jahren oder*

- (iii) *im Fall der Rückzahlung der Schuldverschreibungen gemäß einem Ratingereignis (sofern es durch eine Änderung von S&P Methodologie verursacht wurde), einem Steuerereignis, einem Akquisitionsergebnis oder einem Gross-Up Ereignis oder*
- (iv) *wenn die Schuldverschreibungen keine Eigenkapitalanrechnung (oder eine solche von S&P zum Zeitpunkt der Rückzahlung oder des Rückkaufs dann verwendete gleichartige Klassifikation) aufweisen oder*
- (v) *wenn die Rückzahlung oder der Rückkauf am oder nach dem 1. Juli 2044 erfolgt.*

CONDITIONS

English Language Version

NC6 Tranche

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination.* This issue of notes (the "**Notes**") of Bayer Aktiengesellschaft (the "**Issuer**") is being issued in Euro (the "**Specified Currency**") in the aggregate principal amount of Euro 1,750,000,000 (in words: Euro one billion seven hundred fifty million) in denominations of Euro 1,000 (the "**Specified Denomination**").

(2) *Form.* The Notes are being issued in bearer form.

(3) *Temporary Global Note — Exchange.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed by two authorized signatories of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent. Definitive Notes and interest coupons will not be issued.

(b) The Temporary Global Note shall be exchangeable for the Permanent Global Note from a date (the "**Exchange Date**") 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions) as required by U.S. tax law. Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this subparagraph (b) of this § 1(3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6(3)).

(4) *Clearing System.* Each global note representing the Notes will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means the following: Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany ("**CBF**").

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

§ 2

STATUS

(1) *Status.* The Issuer's obligations under the Notes constitute unsecured obligations of the Issuer and, in the event of the winding-up, dissolution or liquidation of the Issuer rank:

- (i) senior only to the Junior Obligations,
- (ii) *pari passu* among themselves and with any Parity Obligations, and
- (iii) junior to all other present and future unsubordinated or subordinated obligations of the Issuer that are not Parity Obligations or Junior Obligations.

"**Junior Obligations**" means

- (i) the ordinary shares of the Issuer,
- (ii) any present or future shares of any other class of shares of the Issuer ranking *pari passu* with the ordinary shares of the Issuer,
- (iii) any other present or future securities, registered securities or other instruments of the Issuer under which the Issuer's obligations rank or are expressed to rank *pari passu* with the ordinary shares of the Issuer, and
- (iv) any present or future security, registered security or other instrument which is issued by a Subsidiary and guaranteed by the Issuer or for which the Issuer has otherwise assumed liability where the Issuer's obligations under such guarantee or other assumption of liability rank or are expressed to rank *pari passu*

with the instruments described under (i) and (ii).

"Parity Obligations" means any present or future obligations of the Issuer

- (i) under any securities, registered securities or other instruments of the Issuer which rank or are expressed to rank *pari passu* with the Issuer's obligations under the Notes, or
- (ii) under any guarantee or other assumption of liability by the Issuer for any present or future security, registered security or other instrument which is issued by a Subsidiary and guaranteed by the Issuer or for which the Issuer has otherwise assumed liability where the Issuer's obligations under such guarantee or other assumption of liability rank or are expressed to rank *pari passu* with its obligations under the Notes,

except for any subordinated obligations of the Issuer required to be preferred by mandatory provisions of law.

For the avoidance of doubt, Parity Obligations include its unsecured subordinated notes due 2105 with a first call date in 2015, ISIN XS0225369403 (2005 Hybrid) and the unsecured subordinated notes due 2074 with a first call in 2024, ISIN DE000A11QR73 (NC10 Tranche).

"Subsidiary" means any corporation, partnership or other enterprise in which the Issuer directly or indirectly holds in the aggregate more than 50 per cent. of the capital or the voting rights.

(2) *Prohibition of Set-Off.* No Holder may set-off any claims arising under the Notes against any claims that the Issuer may have against it. The Issuer may not set-off any claims it may have against the Holders against any of its obligations under the Notes.

§ 3 INTEREST

(1) *Interest Accrual.* From and including July 1, 2014 (the **"Interest Commencement Date"**) to but excluding July 1, 2020 (the **"First Call Date"**), each Note bears interest on its Specified Denomination at a rate of 3.00 per cent. *per annum*.

From and including the First Call Date to but excluding the Maturity Date, each Note bears interest on its Specified Denomination at the relevant Reset Rate of Interest.

Interest is scheduled to be paid annually in arrears on July 1 of each year (each an **"Interest Payment Date"**) and will fall due in accordance with § 4. The first payment of interest shall be made on July 1, 2015.

The **"Reset Rate of Interest"** will be

- (i) from and including the First Call Date to but excluding July 1, 2024 (the **"First Step-up Date"**) the First Reset Interest Rate;
- (ii) from and including the First Step-up Date to but excluding July 1, 2040 (the **"Second Step-up Date"**) the Second Reset Interest Rate; and
- (iii) from and including the Second Step-up Date to but excluding the Maturity Date the Third Reset Interest Rate.

The **"First Reset Interest Rate"** will be the 5-year Swap Rate for the relevant Reset Period plus 217.6 basis points *per annum*, as determined by the Calculation Agent.

The **"Second Reset Interest Rate"** will be the 5-year Swap Rate for the relevant Reset Period plus 242.6 basis points *per annum*, as determined by the Calculation Agent.

The **"Third Reset Interest Rate"** will be the 5-year Swap Rate for the relevant Reset Period plus 317.6 basis points *per annum*, as determined by the Calculation Agent.

(2) *Definitions.*

The **"5-year Swap Rate"** for the relevant Reset Period will be determined by the Calculation Agent on the Reset Rate Determination Date prior to the relevant Reset Date on which the relevant Reset Period commences (the **"Reference Reset Date"**) and will be

- (i) the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which (x) has a term of 5 years and commencing on the Reference Reset Date, (y) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (z) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis), as such arithmetic mean appears on the Reuters screen "ISDAFIX2" under the heading "EURIBOR BASIS" and the caption "11:00 AM Frankfurt time" (as such headings and captions may appear from time to time) as of 11.00 a.m. (Frankfurt time) (or another screen page of Reuters or another information service, which is the successor to such Reuters screen for the purpose of

displaying the arithmetic mean of swap transactions as described in this paragraph) (the "**Reset Screen Page**") on the Reset Rate Determination Date; or

- (ii) if any of the information required for the purposes of alternative (i) does not appear on the Reset Screen Page on the Reset Rate Determination Date, the Reset Reference Bank Rate on the Reset Rate Determination Date.

"Business Day" means a day on which all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) system are operational.

"Reference Banks" means five leading swap dealers in the interbank market.

"Representative Amount" means an amount that is representative for a single transaction in the swap market at the relevant time.

"Reset Reference Bank Rate" means a percentage determined on the basis of the midmarket annual swap rate quotations provided by the Reference Banks at approximately 11:00 a.m., Frankfurt time on the Reset Rate Determination Date. For this purpose, the mid-market annual swap rate means the percentage rate determined by the Calculation Agent on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating Euro interest rate swap transaction with a term of 5 years commencing on that Reference Reset Date and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to a designated maturity of six months. The Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the Reset Reference Bank Rate for that Reset Date will be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

"Reset Rate Determination Date" means the second Business Day prior to the relevant Reset Date.

"Reset Date" means the First Call Date and each fifth anniversary of the First Step-Up Date.

"Reset Period" means each period from and including the First Call Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date.

"Interest Period" means each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and thereafter from and including each Interest Payment Date to but excluding the next following Interest Payment Date.

(3) *Determination or Calculation by Calculation Agent.* The Calculation Agent will, on the Reset Rate Determination Date, determine the Reset Rate of Interest and cause the same to be notified to the Issuer, the Principal Paying Agent and, if required by the rules of any stock exchange on which the Notes are then listed, to such stock exchange, and to the Holders in accordance with § 13 without undue delay, but, in any case, not later than on the eighth Business Day after its determination.

(4) *Day Count Fraction.* Where interest is to be calculated in respect of any period of time that is equal to or shorter than an Interest Period, the interest will be calculated on the basis of the number of days elapsed in the relevant period (from and including the day from which interest begins to accrue to but excluding the day on which it falls due), divided by the number of days in the Interest Period in which the relevant period falls (Act/Act (ICMA)) (including the first such day but excluding the last day).

(5) *Cessation of Interest Accrual.* The Notes will cease to bear interest from the beginning of the day their principal amount is due for repayment. If the Issuer fails to make any payment of principal under the Notes when due, the Notes will cease to bear interest from the beginning of the day on which such payment is actually made. In such case, the applicable rate of interest will be determined pursuant to this § 3.

§ 4

DUE DATE FOR INTEREST PAYMENTS, DEFERRAL OF INTEREST PAYMENTS, PAYMENT OF ARREARS OF INTEREST

(1) *Due Date for Interest Payments; Optional Interest Deferral.* Interest which accrues during an Interest Period will be due and payable (*fällig*) on the relevant Interest Payment Date, unless the Issuer elects, by giving notice to the Holders not less than 10 Business Days prior the relevant Interest Payment Date in accordance with § 13, to defer the relevant payment of interest (in whole but not in part).

If the Issuer elects not to pay accrued interest on an Interest Payment Date, then it will not have any obligation to pay such interest on such Interest Payment Date and will constitute Arrears of Interest. Any such non-payment of interest will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any

other purpose.

Interest not due and payable in accordance with this § 4(1) will constitute arrears of interest ("**Arrears of Interest**").

Arrears of Interest will not bear interest.

(2) *Optional Settlement of Arrears of Interest.* The Issuer will be entitled to pay outstanding Arrears of Interest (in whole but not in part) at any time by giving notice to the Holders not less than 10 Business Days before such voluntary payment and specifying (i) the amount of Arrears of Interest to be paid and (ii) the date fixed for such payment.

(3) *Mandatory Payment of Arrears of Interest.* The Issuer must pay outstanding Arrears of Interest (in whole but not in part) on the next Mandatory Settlement Date.

"**Mandatory Settlement Date**" means the earliest of:

- (i) the date falling five Business Days after the date on which a Compulsory Settlement Event has occurred;
- (ii) the date on which the Issuer pays interest on the Notes;
- (iii) the date on which the Issuer or any Subsidiary pays any dividend, other distribution or other payment in respect of any Parity Obligation;
- (iv) the date on which the Issuer or any Subsidiary redeems, repurchases or otherwise acquires (in each case directly or indirectly) any Parity Obligations or any Notes;
- (v) the date of redemption of the Notes in accordance with these Conditions; and
- (vi) the date on which an order is made for the winding up, liquidation or dissolution of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer),

provided that

- (x) in the cases (iii) and (iv) above no Mandatory Settlement Date occurs if the Issuer or the relevant Subsidiary is obliged under the terms and conditions of such Parity Obligation to make such payment, such redemption, such repurchase or such other acquisition;
- (y) in the case (iv) above no Mandatory Settlement Date occurs if the Issuer or the relevant Subsidiary repurchases or otherwise acquires (in each case directly or indirectly) any Parity Obligations or any Notes in whole or in part in a public tender offer or public exchange offer at a consideration per Parity Obligation or Note below its par value; and
- (z) in the cases (iii) and (iv) above no Mandatory Settlement Date occurs if the relevant payments on, or in respect of, any Parity Securities are Intra-Group Payments.

"**Compulsory Settlement Event**" means any of the following events, subject to the proviso in sentence 2 below:

- (i) the ordinary general meeting of shareholders (*ordentliche Hauptversammlung*) of the Issuer resolves on the payment of any dividend, other distribution or other payment on any share of any class of the Issuer (other than a dividend, distribution or payment which is made in the form of ordinary shares of the Issuer);
- (ii) the Issuer or any Subsidiary pays any dividend, other distribution or other payment in respect of any Junior Obligation (other than a dividend, distribution or payment which is made in the form of ordinary shares of the Issuer); or
- (iii) the Issuer or any Subsidiary redeems, repurchases or otherwise acquires (in each case directly or indirectly) any Junior Obligation.

The cases (ii) and (iii) above are subject to the proviso that no Compulsory Settlement Event occurs if

- (x) the Issuer or the relevant Subsidiary is obliged under the terms and conditions of such Junior Obligation to make such payment, such redemption, such repurchase or such other acquisition;
- (y) the Issuer or the relevant Subsidiary repurchases or otherwise acquires (in each case directly or indirectly) any share of any class of the Issuer or any Junior Obligation pursuant to the obligations of the Issuer under any existing or future stock option or stock ownership programme or similar programme for any members of the board of management or supervisory board (or, in the case of affiliates, comparable boards) or employees of the Issuer or any of its affiliates; or
- (z) the relevant payments on, or in respect of, any Junior Obligation are Intra-Group Payments.

"**Intra-Group Payments**" means payments made exclusively to the Issuer and/or one or more of its Subsidiaries.

§ 5

REDEMPTION

(1) *Redemption at Maturity.* Unless redeemed or purchased and cancelled earlier, the Notes will be redeemed on July 1, 2075 (the "**Maturity Date**") at the Specified Denomination plus accrued and unpaid interest to (but excluding) the Maturity Date and any Arrears of Interest.

(2) *Early Redemption at the Option of the Issuer and in Case of Minimum Outstanding Aggregate Principal Amount.* The Issuer may, upon giving not less than 20 nor more than 40 days notice pursuant to § 13 call the Notes for redemption (in whole but not in part) for the first time with effect as of the First Call Date, and subsequently with effect as of each Interest Payment Date thereafter. In this case, the Issuer shall redeem each Note at its Specified Denomination plus accrued and unpaid interest and any Arrears of Interest on the redemption date specified in the notice.

The Issuer may, upon giving not less than 20 nor more than 40 days notice pursuant to § 13, call the Notes for redemption (in whole but not in part) at any time if at least 80 per cent. of the originally issued aggregate principal amount of the Notes have been redeemed or purchased and cancelled. In this case the Issuer shall redeem each Note at its Specified Denomination plus accrued and unpaid interest and any Arrears of Interest on the redemption date specified in the notice.

(3) *Other Early Redemption Events.* The Issuer may, upon giving not less than 20 nor more than 40 days notice pursuant to § 13, call the Notes for redemption (in whole but not in part) at any time, if any of the early redemption events as set forth below has occurred. In this case the Issuer shall redeem each Note at the relevant Early Redemption Amount on the redemption date specified in the notice. The notice shall set forth the underlying facts of the Issuer's right to early redemption and specify the redemption date.

(i) A "**Rating Event**" shall occur if either:

- (x) any Rating Agency publishes a change in hybrid capital methodology or the interpretation thereof, as a result of which change the Notes would no longer be eligible for the same or a higher category of "equity credit" or such similar nomenclature as may be used by that Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of the Issuer's senior obligations, attributed to the Notes at the Interest Commencement Date, or if "equity credit" is not assigned on the Interest Commencement Date by such Rating Agency, at the date when the equity credit is assigned for the first time by such Rating Agency, or in the case of S&P, at the date when the highest "equity credit" was assigned during the period from the Interest Commencement Date to the last date on which an Acquisition Event can occur (a "**Loss in Equity Credit**"), or
- (y) the Issuer has received, and has provided the Principal Paying Agent with a copy of, a written confirmation from any Rating Agency that due to a change in hybrid capital methodology or the interpretation thereof, a Loss in Equity Credit occurred,

and the Issuer has given notice to the Holders in accordance with § 13 of such Rating Event prior to giving the notice of redemption referred to above.

"**Rating Agency**" means each of Moody's and S&P, where "**Moody's**" means Moody's Investors Services Limited or any of its successors, and "**S&P**" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., or any other rating agency of equivalent international standing specified from time to time by the Issuer and, in each case their respective subsidiaries or successors.

(ii) A "**Tax Deductibility Event**" shall occur if an opinion of a recognized law firm of international standing has been delivered to the Issuer, stating that by reason of a change in German law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Interest Commencement Date, the tax regime of any payments under the Notes is modified and such modification results in payments of interest payable by the Issuer in respect of the Notes being no longer deductible for corporate income tax purposes in whole or in part; and such risk cannot be avoided by the Issuer taking reasonable measures available to it.

(iii) A "**Gross-up Event**" shall occur if, by reason of any change in German law or published regulations becoming effective after the Interest Commencement Date, the Issuer would have to pay any additional amounts which may be payable under § 8, provided that the payment obligation cannot be avoided by the Issuer taking such reasonable measures it (acting in good faith) deems appropriate.

(iv) An "**Acquisition Event**" shall occur if:

- (x) the Issuer has not completed and closed the acquisition of Merck & Co., Inc.'s consumer care business, and
 - (y) has publicly stated that it no longer intends to pursue such acquisition;
- and the Issuer has given notice to the Holders in accordance with § 13 on or prior to March 31, 2015 of such Acquisition Event prior to giving the notice of redemption referred to above. The Issuer may waive its right to call the Notes for redemption based on an Acquisition Event by giving notice pursuant to § 13.

The "**Early Redemption Amount**" shall be (i) in case of an Acquisition Event or in the case of a Rating Event or a Tax Deductibility Event where the relevant date fixed for redemption falls prior to the First Call Date, equal to 101 per cent. of the Specified Denomination, and (ii) in the case of a Rating Event or a Tax Deductibility Event where the relevant date fixed for redemption falls on or after the First Call Date or in case of a Gross-Up Event, equal to 100 per cent. of the Specified Denomination, in each case plus accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

§ 6 PAYMENTS

- (1)(a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to subparagraph (2) below, to the Clearing System or (if applicable) to its order for credit to the accounts of the relevant account holders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the global note representing the Notes at the time of payment at the specified office of the Principal Paying Agent outside the United States.
- (b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to subparagraph (2), to the Clearing System or (if applicable) to its order for credit to the relevant account holders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to subparagraph (2), to the Clearing System or (if applicable) to its order for credit to the relevant account holders of the Clearing System, upon due certification as provided in § 1(3) (b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

(3) *United States.* For purposes of § 1(3) and subparagraph (1) of this § 6, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Business Day**" means any day which is a Business Day.

(6) *References to Principal and Interest.* Reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Specified Denomination of the Notes, the Early Redemption Amount and any other amounts which may be payable under or in respect of the Notes. Reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable under § 8.

(7) *Deposit of Principal and Interest.* The Issuer may deposit with the *Amtsgericht* in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 7 AGENTS

(1) *Appointment; Specified Offices.* The initial Principal Paying Agent and Calculation Agent and their respective initial specified offices are:

Principal Paying Agent:
Citibank, N.A., London Branch

13th Floor
Citigroup Centre,
Canada Square
London E14

England

Calculation Agent:

Citibank, N.A., London Branch

13th Floor

Citigroup Centre,

Canada Square

London E14

England

The Principal Paying Agent and Calculation Agent reserve the right at any time to change their respective specified offices to some other specified offices in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent or the Calculation Agent and to appoint another Principal Paying Agent, additional paying agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Principal Paying Agent and (ii) a Calculation Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 13.

(3) *Agents of the Issuer.* The Principal Paying Agent and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

§ 8

TAXATION

Principal and interest shall be payable without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or on behalf of Germany or by or on behalf of any political subdivision or authority thereof having power to tax (together "**Withholding Taxes**"), unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts of principal and interest as may be necessary in order that the net amounts received by the Holders after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable had no such deduction or withholding been required. No such additional amounts shall, however, be payable on account of any taxes, duties or governmental charges which:

- (a) are payable otherwise than by withholding or deduction from payments made by the Issuer to the Holder, or
- (b) are deducted or withheld by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise payable in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or
- (c) are deducted or withheld by the Principal Paying Agent or an additional paying agent from a payment if the payment could have been made by another paying agent without such deduction or withholding; or
- (d) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of savings, or (ii) any international treaty or understanding relating to such taxation and to which Germany or the European Union is a party/are parties or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or
- (e) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or is duly provided for, whichever occurs later; or
- (f) are payable by reason of the Holder having, or having had, some personal or business connection with Germany or being a (deemed) resident of Germany or is treated for tax purposes as a resident of Germany or has elected to be taxed as a resident of Germany or the Holder having a (deemed) permanent establishment in Germany or another member state of the European Union and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, Germany.

Notwithstanding any other provisions contained herein, the Issuer shall be permitted to withhold or deduct any amounts required pursuant to an agreement described in Section 1471 (b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended

or successor provisions), any regulations or agreements thereunder, official interpretations thereof, or any law implementing and intergovernmental approach thereto ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify any Holder for any such FATCA withholding deducted or withheld by the Issuer, the Principal Paying Agent, an additional paying agent or any other party.

§ 9

PRESENTATION PERIOD

The presentation period provided in § 801 subparagraph 1, sentence 1 *BGB* (German Civil Code) is reduced to ten years for claims under the Notes.

§ 10

SUBSTITUTION

(1) *Substitution*. The Issuer may, without the consent of the Holders, if no payment of principal of or interest on any of the Notes is in default, at any time substitute for the Issuer any other company more than 90 per cent. of the voting share or other equity interests of which are directly or indirectly owned by the Issuer as principal debtor in respect of all obligations arising from or in connection with the Notes (the "**Substitute Debtor**") provided that:

- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (b) the Substitute Debtor has obtained all necessary authorisations and may transfer to the Principal Paying Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;
- (c) the Substitute Debtor has agreed to indemnify and hold harmless each Holder against any withholding tax, duty, assessment or governmental charge imposed on such Holder in respect of such substitution;
- (d) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes; and
- (e) there shall have been delivered to the Principal Paying Agent an opinion or opinions of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied.

(2) *Notice*. Notice of any such substitution shall be published in accordance with § 13.

(3) *Change of References*. In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor.

Furthermore, in the event of such substitution, in § 8 and § 5(3) an alternative reference to Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor.

The Issuer is authorized to adapt the global note and the Conditions without the consent of the Holders to the extent necessary to reflect the changes resulting from the substitution. Appropriately adjusted global notes or Conditions will be deposited with or on behalf of the Clearing System.

§ 11

AMENDMENT OF THE CONDITIONS, HOLDERS' REPRESENTATIVE

(1) *Amendment of the Conditions*. In accordance with the Act on Debt Securities of 2009 (*Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – "SchVG")*) the Issuer may, with the consent of the Holders, amend the Conditions with regard to matters permitted by the SchVG. The Holders' consent to such amendments is given by resolution with the majority specified in paragraph (2). Majority resolutions shall be binding on all Holders. Resolutions which do not provide for identical conditions for all Holders are void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) *Majority*. Resolutions shall be passed by a majority of not less than 75 per cent. of the votes cast. Resolutions relating to amendments of the Conditions which are not material and which do not relate to the matters listed in § 5(3) No. 1 – 8 and (if § 10 of these Conditions does not provide otherwise) No. 9 of the SchVG require a simple majority of the votes cast.

(3) *Vote without a meeting.* All votes will be taken, subject to the next sentence, exclusively by vote taken without a meeting. A meeting of Holders and the assumption of the fees by the Issuer for such a meeting will only take place in the circumstances of § 18(4) sentence 2 of the SchVG.

(4) *Chair of the vote.* The vote will be chaired by a notary appointed by the Issuer or, if the Holders' Representative (as defined in subparagraph (6) below) has convened the vote, by the Holders' Representative.

(5) *Voting rights.* Each Holder participating in any vote shall cast votes in accordance with the nominal amount or the notional share of its entitlement to the outstanding Notes.

(6) *Holders' Representative.* The Holders may by majority resolution appoint a common representative (the "**Holders' Representative**") to exercise the Holders' rights on behalf of each Holder.

The Holders' Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Holders' Representative shall comply with the instructions of the Holders. To the extent that the Holders' Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Holders' Representative shall provide reports to the Holders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the Holders' Representative.

§ 12

FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single issue with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Principal Paying Agent for cancellation. If purchases are made by public tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 13

NOTICES

(1) *Publication.* All notices concerning the Notes shall be published in the Federal Gazette (*Bundesanzeiger*) and in addition will be made by means of electronic publication on the internet website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice so given will be deemed to have been validly given on the third day following the date of such publication.

(2) *Notification to Clearing System.* So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange, subparagraph (1) shall apply. If the Rules of the Luxembourg Stock Exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication as set forth in subparagraph (1) above; any such notice shall be deemed to have been validly given on the seventh day after the day on which the said notice was given to the Clearing System.

§ 14

APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, as to form and content, and all obligations of the Issuer and rights of the Holders shall be governed by German law.

(2) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes.

(3) *Enforcement.* Any Holder of Notes may in any proceeding against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of (i) a statement issued by the Custodian (as defined below) with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorized officer of the Clearing

System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorized to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce its rights under these Notes also in any other way which is admitted in the country of the Proceedings.

§ 15 LANGUAGE

These Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

Restrictions regarding the Redemption and Repurchase of the Notes

The following paragraphs in italics do not form part of the Conditions.

The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Notes only to the extent they are replaced with instruments with equivalent S&P equity credit. Such replacement would be provided during the 360-day period prior to the date of such redemption or repurchase. The net proceeds received by the Issuer or a Subsidiary of the Issuer from the sale to third party purchasers of securities which are assigned an S&P equity credit that is at least equal to the highest respective equity credit assigned to the Notes by S&P during the period from the Interest Commencement Date to the last date on which an Acquisition Event can occur will count as replacement.

The following exceptions apply as to the Issuer's replacement intention. The Notes are not required to be replaced:

- (i) if the rating assigned by S&P to the Issuer is at least A- and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase, or*
- (ii) in the case of repurchase of less than (x) 10 per cent of the aggregate principal amount of the Notes originally issued in any period of 12 consecutive months or (y) 25 per cent of the aggregate principal amount of the Notes originally issued in any period of 10 consecutive years is repurchased, or*
- (iii) if the Notes are redeemed pursuant to a Rating Event (to the extent it is triggered by a change of methodology at S&P), a Tax Deductibility Event, an Acquisition Event or a Gross-Up Event, or*
- (iv) if the Notes are not assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase), or*
- (v) if such redemption or repurchase occurs on or after July 1, 2040.*

NC10 Tranche

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination.* This issue of notes (the "**Notes**") of Bayer Aktiengesellschaft (the "**Issuer**") is being issued in Euro (the "**Specified Currency**") in the aggregate principal amount of Euro 1,500,000,000 (in words: Euro one billion five hundred million) in denominations of Euro 1,000 (the "**Specified Denomination**").

(2) *Form.* The Notes are being issued in bearer form.

(3) *Temporary Global Note — Exchange.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed by two authorized signatories of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent. Definitive Notes and interest coupons will not be issued.

(b) The Temporary Global Note shall be exchangeable for the Permanent Global Note from a date (the "**Exchange Date**") 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions) as required by U.S. tax law. Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this subparagraph (b) of this § 1(3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6(3)).

(4) *Clearing System.* Each global note representing the Notes will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means the following: Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany ("**CBF**").

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

§ 2

STATUS

(1) *Status.* The Issuer's obligations under the Notes constitute unsecured obligations of the Issuer and, in the event of the winding-up, dissolution or liquidation of the Issuer rank:

- (i) senior only to the Junior Obligations,
- (ii) *pari passu* among themselves and with any Parity Obligations, and
- (iii) junior to all other present and future unsubordinated or subordinated obligations of the Issuer that are not Parity Obligations or Junior Obligations.

"**Junior Obligations**" means

- (i) the ordinary shares of the Issuer,
- (ii) any present or future shares of any other class of shares of the Issuer ranking *pari passu* with the ordinary shares of the Issuer,
- (iii) any other present or future securities, registered securities or other instruments of the Issuer under which the Issuer's obligations rank or are expressed to rank *pari passu* with the ordinary shares of the Issuer, and
- (iv) any present or future security, registered security or other instrument which is issued by a Subsidiary and guaranteed by the Issuer or for which the Issuer has otherwise assumed liability where the Issuer's obligations under such guarantee or other assumption of liability rank or are expressed to rank *pari passu* with the instruments described under (i) and (ii).

"**Parity Obligations**" means any present or future obligations of the Issuer

- (i) under any securities, registered securities or other instruments of the Issuer which rank or are expressed to

rank *pari passu* with the Issuer's obligations under the Notes, or

- (ii) under any guarantee or other assumption of liability by the Issuer for any present or future security, registered security or other instrument which is issued by a Subsidiary and guaranteed by the Issuer or for which the Issuer has otherwise assumed liability where the Issuer's obligations under such guarantee or other assumption of liability rank or are expressed to rank *pari passu* with its obligations under the Notes, except for any subordinated obligations of the Issuer required to be preferred by mandatory provisions of law.

For the avoidance of doubt, Parity Obligations include its unsecured subordinated notes due 2105 with a first call date in 2015, ISIN XS0225369403 (2005 Hybrid) and the unsecured subordinated notes due 2075 with a first call in 2020, ISIN DE000A11QR65 (NC6 Tranche).

"**Subsidiary**" means any corporation, partnership or other enterprise in which the Issuer directly or indirectly holds in the aggregate more than 50 per cent. of the capital or the voting rights.

(2) *Prohibition of Set-Off*. No Holder may set-off any claims arising under the Notes against any claims that the Issuer may have against it. The Issuer may not set-off any claims it may have against the Holders against any of its obligations under the Notes.

§ 3 INTEREST

(1) *Interest Accrual*. From and including July 1, 2014 (the "**Interest Commencement Date**") to but excluding July 1, 2024 (the "**First Step-up Date**"), each Note bears interest on its Specified Denomination at a rate of 3.75 per cent. *per annum*.

From and including the First Step-up Date to but excluding the Maturity Date, each Note bears interest on its Specified Denomination at the relevant Reset Rate of Interest.

Interest is scheduled to be paid annually in arrears on July 1 of each year (each an "**Interest Payment Date**") and will fall due in accordance with § 4. The first payment of interest shall be made on July 1, 2015.

The "**Reset Rate of Interest**" will be

- (i) from and including the First Step-up Date to but excluding July 1, 2044 (the "**Second Step-up Date**") the First Reset Interest Rate; and
- (ii) from and including the Second Step-up Date to but excluding the Maturity Date the Second Reset Interest Rate.

The "**First Reset Interest Rate**" will be the 5-year Swap Rate for the relevant Reset Period plus 255 basis points *per annum*, as determined by the Calculation Agent.

The "**Second Reset Interest Rate**" will be the 5-year Swap Rate for the relevant Reset Period plus 330 basis points *per annum*, as determined by the Calculation Agent.

(2) *Definitions*.

The "**5-year Swap Rate**" for the relevant Reset Period will be determined by the Calculation Agent on the Reset Rate Determination Date prior to the relevant Reset Date on which the relevant Reset Period commences (the "**Reference Reset Date**") and will be

- (i) the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which (x) has a term of 5 years and commencing on the Reference Reset Date, (y) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (z) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis), as such arithmetic mean appears on the Reuters screen "ISDAFIX2" under the heading "EURIBOR BASIS" and the caption "11:00 AM Frankfurt time" (as such headings and captions may appear from time to time) as of 11.00 a.m. (Frankfurt time) (or another screen page of Reuters or another information service, which is the successor to such Reuters screen for the purpose of displaying the arithmetic mean of swap transactions as described in this paragraph) (the "**Reset Screen Page**") on the Reset Rate Determination Date; or
- (ii) if any of the information required for the purposes of alternative (i) does not appear on the Reset Screen Page on the Reset Rate Determination Date, the Reset Reference Bank Rate on the Reset Rate Determination Date.

"**Business Day**" means a day on which all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) system are operational.

"**Reference Banks**" means five leading swap dealers in the interbank market.

"Representative Amount" means an amount that is representative for a single transaction in the swap market at the relevant time.

"Reset Reference Bank Rate" means a percentage determined on the basis of the midmarket annual swap rate quotations provided by the Reference Banks at approximately 11:00 a.m., Frankfurt time on the Reset Rate Determination Date. For this purpose, the mid-market annual swap rate means the percentage rate determined by the Calculation Agent on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating Euro interest rate swap transaction with a term of 5 years commencing on that Reference Reset Date and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to a designated maturity of six months. The Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the Reset Reference Bank Rate for that Reset Date will be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

"Reset Rate Determination Date" means the second Business Day prior to the relevant Reset Date.

"Reset Date" means the First Step-up Date and each fifth anniversary of the First Step-up Date.

"Reset Period" means each period from and including the First Step-up Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date.

"Interest Period" means each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and thereafter from and including each Interest Payment Date to but excluding the next following Interest Payment Date.

(3) *Determination or Calculation by Calculation Agent.* The Calculation Agent will, on the Reset Rate Determination Date, determine the Reset Rate of Interest and cause the same to be notified to the Issuer, the Principal Paying Agent and, if required by the rules of any stock exchange on which the Notes are then listed, to such stock exchange, and to the Holders in accordance with § 13 without undue delay, but, in any case, not later than on the eighth Business Day after its determination.

(4) *Day Count Fraction.* Where interest is to be calculated in respect of any period of time that is equal to or shorter than an Interest Period, the interest will be calculated on the basis of the number of days elapsed in the relevant period (from and including the day from which interest begins to accrue to but excluding the day on which it falls due), divided by the number of days in the Interest Period in which the relevant period falls (Act/Act (ICMA)) (including the first such day but excluding the last day).

(5) *Cessation of Interest Accrual.* The Notes will cease to bear interest from the beginning of the day their principal amount is due for repayment. If the Issuer fails to make any payment of principal under the Notes when due, the Notes will cease to bear interest from the beginning of the day on which such payment is actually made. In such case, the applicable rate of interest will be determined pursuant to this § 3.

§ 4

DUE DATE FOR INTEREST PAYMENTS, DEFERRAL OF INTEREST PAYMENTS, PAYMENT OF ARREARS OF INTEREST

(1) *Due Date for Interest Payments; Optional Interest Deferral.* Interest which accrues during an Interest Period will be due and payable (*fällig*) on the relevant Interest Payment Date, unless the Issuer elects, by giving notice to the Holders not less than 10 Business Days prior the relevant Interest Payment Date in accordance with § 13, to defer the relevant payment of interest (in whole but not in part).

If the Issuer elects not to pay accrued interest on an Interest Payment Date, then it will not have any obligation to pay such interest on such Interest Payment Date and will constitute Arrears of Interest. Any such non-payment of interest will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

Interest not due and payable in accordance with this § 4(1) will constitute arrears of interest ("**Arrears of Interest**").

Arrears of Interest will not bear interest.

(2) *Optional Settlement of Arrears of Interest.* The Issuer will be entitled to pay outstanding Arrears of Interest (in whole but not in part) at any time by giving notice to the Holders not less than 10 Business Days before such voluntary payment and specifying (i) the amount of Arrears of Interest to be paid and (ii) the date fixed for such payment.

(3) *Mandatory Payment of Arrears of Interest.* The Issuer must pay outstanding Arrears of Interest (in whole but not in part) on the next Mandatory Settlement Date.

"Mandatory Settlement Date" means the earliest of:

- (i) the date falling five Business Days after the date on which a Compulsory Settlement Event has occurred;
- (ii) the date on which the Issuer pays interest on the Notes;
- (iii) the date on which the Issuer or any Subsidiary pays any dividend, other distribution or other payment in respect of any Parity Obligation;
- (iv) the date on which the Issuer or any Subsidiary redeems, repurchases or otherwise acquires (in each case directly or indirectly) any Parity Obligations or any Notes;
- (v) the date of redemption of the Notes in accordance with these Conditions; and
- (vi) the date on which an order is made for the winding up, liquidation or dissolution of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer),

provided that

- (x) in the cases (iii) and (iv) above no Mandatory Settlement Date occurs if the Issuer or the relevant Subsidiary is obliged under the terms and conditions of such Parity Obligation to make such payment, such redemption, such repurchase or such other acquisition;
- (y) in the case (iv) above no Mandatory Settlement Date occurs if the Issuer or the relevant Subsidiary repurchases or otherwise acquires (in each case directly or indirectly) any Parity Obligations or any Notes in whole or in part in a public tender offer or public exchange offer at a consideration per Parity Obligation or Note below its par value; and
- (z) in the cases (iii) and (iv) above no Mandatory Settlement Date occurs if the relevant payments on, or in respect of, any Parity Securities are Intra-Group Payments.

"Compulsory Settlement Event" means any of the following events, subject to the proviso in sentence 2 below:

- (i) the ordinary general meeting of shareholders (*ordentliche Hauptversammlung*) of the Issuer resolves on the payment of any dividend, other distribution or other payment on any share of any class of the Issuer (other than a dividend, distribution or payment which is made in the form of ordinary shares of the Issuer);
- (ii) the Issuer or any Subsidiary pays any dividend, other distribution or other payment in respect of any Junior Obligation (other than a dividend, distribution or payment which is made in the form of ordinary shares of the Issuer); or
- (iii) the Issuer or any Subsidiary redeems, repurchases or otherwise acquires (in each case directly or indirectly) any Junior Obligation.

The cases (ii) and (iii) above are subject to the proviso that no Compulsory Settlement Event occurs if

- (x) the Issuer or the relevant Subsidiary is obliged under the terms and conditions of such Junior Obligation to make such payment, such redemption, such repurchase or such other acquisition;
- (y) the Issuer or the relevant Subsidiary repurchases or otherwise acquires (in each case directly or indirectly) any share of any class of the Issuer or any Junior Obligation pursuant to the obligations of the Issuer under any existing or future stock option or stock ownership programme or similar programme for any members of the board of management or supervisory board (or, in the case of affiliates, comparable boards) or employees of the Issuer or any of its affiliates; or
- (z) the relevant payments on, or in respect of, any Junior Obligation are Intra-Group Payments.

"Intra-Group Payments" means payments made exclusively to the Issuer and/or one or more of its Subsidiaries.

§ 5

REDEMPTION

(1) *Redemption at Maturity.* Unless redeemed or purchased and cancelled earlier, the Notes will be redeemed on July 1, 2074 (the **"Maturity Date"**) at the Specified Denomination plus accrued and unpaid interest to (but excluding) the Maturity Date and any Arrears of Interest.

(2) *Early Redemption at the Option of the Issuer and in Case of Minimum Outstanding Aggregate Principal Amount.* The Issuer may, upon giving not less than 20 nor more than 40 days notice pursuant to § 13 call the

Notes for redemption (in whole but not in part) for the first time with effect as of the First Step-up Date, and subsequently with effect as of each Interest Payment Date thereafter. In this case, the Issuer shall redeem each Note at its Specified Denomination plus accrued and unpaid interest and any Arrears of Interest on the redemption date specified in the notice.

The Issuer may, upon giving not less than 20 nor more than 40 days notice pursuant to § 13, call the Notes for redemption (in whole but not in part) at any time if at least 80 per cent. of the originally issued aggregate principal amount of the Notes have been redeemed or purchased and cancelled. In this case the Issuer shall redeem each Note at its Specified Denomination plus accrued and unpaid interest and any Arrears of Interest on the redemption date specified in the notice.

(3) *Other Early Redemption Events.* The Issuer may, upon giving not less than 20 nor more than 40 days notice pursuant to § 13, call the Notes for redemption (in whole but not in part) at any time, if any of the early redemption events as set forth below has occurred. In this case the Issuer shall redeem each Note at the relevant Early Redemption Amount on the redemption date specified in the notice. The notice shall set forth the underlying facts of the Issuer's right to early redemption and specify the redemption date.

(i) A "**Rating Event**" shall occur if either:

- (x) any Rating Agency publishes a change in hybrid capital methodology or the interpretation thereof, as a result of which change the Notes would no longer be eligible for the same or a higher category of "equity credit" or such similar nomenclature as may be used by that Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of the Issuer's senior obligations, attributed to the Notes at the Interest Commencement Date, or if "equity credit" is not assigned on the Interest Commencement Date by such Rating Agency, at the date when the equity credit is assigned for the first time by such Rating Agency, or in the case of S&P, at the date when the highest "equity credit" was assigned during the period from the Interest Commencement Date to the last date on which an Acquisition Event can occur (a "**Loss in Equity Credit**"), or
- (y) the Issuer has received, and has provided the Principal Paying Agent with a copy of, a written confirmation from any Rating Agency that due to a change in hybrid capital methodology or the interpretation thereof, a Loss in Equity Credit occurred,

and the Issuer has given notice to the Holders in accordance with § 13 of such Rating Event prior to giving the notice of redemption referred to above.

"**Rating Agency**" means each of Moody's and S&P, where "**Moody's**" means Moody's Investors Services Limited or any of its successors, and "**S&P**" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., or any other rating agency of equivalent international standing specified from time to time by the Issuer and, in each case their respective subsidiaries or successors.

(ii) A "**Tax Deductibility Event**" shall occur if an opinion of a recognized law firm of international standing has been delivered to the Issuer, stating that by reason of a change in German law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Interest Commencement Date, the tax regime of any payments under the Notes is modified and such modification results in payments of interest payable by the Issuer in respect of the Notes being no longer deductible for corporate income tax purposes in whole or in part; and such risk cannot be avoided by the Issuer taking reasonable measures available to it.

(iii) A "**Gross-up Event**" shall occur if, by reason of any change in German law or published regulations becoming effective after the Interest Commencement Date, the Issuer would have to pay any additional amounts which may be payable under § 8, provided that the payment obligation cannot be avoided by the Issuer taking such reasonable measures it (acting in good faith) deems appropriate.

(iv) An "**Acquisition Event**" shall occur if:

- (x) the Issuer has not completed and closed the acquisition of Merck & Co., Inc.'s consumer care business, and
- (y) has publicly stated that it no longer intends to pursue such acquisition;

and the Issuer has given notice to the Holders in accordance with § 13 on or prior to March 31, 2015 of such Acquisition Event prior to giving the notice of redemption referred to above. The Issuer may waive its right to call the Notes for redemption based on an Acquisition Event by giving notice pursuant to § 13.

The "**Early Redemption Amount**" shall be (i) in case of an Acquisition Event or in the case of a Rating Event or a Tax Deductibility Event where the relevant date fixed for redemption falls prior to the First Step-up Date,

equal to 101 per cent. of the Specified Denomination, and (ii) in the case of a Rating Event or a Tax Deductibility Event where the relevant date fixed for redemption falls on or after the First Step-up Date or in case of a Gross-Up Event, equal to 100 per cent. of the Specified Denomination, in each case plus accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

§ 6

PAYMENTS

(1)(a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to subparagraph (2) below, to the Clearing System or (if applicable) to its order for credit to the accounts of the relevant account holders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the global note representing the Notes at the time of payment at the specified office of the Principal Paying Agent outside the United States.

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to subparagraph (2), to the Clearing System or (if applicable) to its order for credit to the relevant account holders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to subparagraph (2), to the Clearing System or (if applicable) to its order for credit to the relevant account holders of the Clearing System, upon due certification as provided in § 1(3) (b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

(3) *United States.* For purposes of § 1(3) and subparagraph (1) of this § 6, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Business Day**" means any day which is a Business Day.

(6) *References to Principal and Interest.* Reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Specified Denomination of the Notes, the Early Redemption Amount and any other amounts which may be payable under or in respect of the Notes. Reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable under § 8.

(7) *Deposit of Principal and Interest.* The Issuer may deposit with the *Amtsgericht* in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 7

AGENTS

(1) *Appointment; Specified Offices.* The initial Principal Paying Agent and Calculation Agent and their respective initial specified offices are:

Principal Paying Agent:

Citibank, N.A., London Branch

13th Floor

Citigroup Centre,

Canada Square

London E14 5LB

England

Calculation Agent:

Citibank, N.A., London Branch

13th Floor

Citigroup Centre,
Canada Square
London E14 5LB
England

The Principal Paying Agent and Calculation Agent reserve the right at any time to change their respective specified offices to some other specified offices in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent or the Calculation Agent and to appoint another Principal Paying Agent, additional paying agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Principal Paying Agent and (ii) a Calculation Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 13.

(3) *Agents of the Issuer.* The Principal Paying Agent and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

§ 8 TAXATION

Principal and interest shall be payable without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or on behalf of Germany or by or on behalf of any political subdivision or authority thereof having power to tax (together "**Withholding Taxes**"), unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts of principal and interest as may be necessary in order that the net amounts received by the Holders after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable had no such deduction or withholding been required. No such additional amounts shall, however, be payable on account of any taxes, duties or governmental charges which:

- (a) are payable otherwise than by withholding or deduction from payments made by the Issuer to the Holder, or
- (b) are deducted or withheld by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise payable in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or
- (c) are deducted or withheld by the Principal Paying Agent or an additional paying agent from a payment if the payment could have been made by another paying agent without such deduction or withholding; or
- (d) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of savings, or (ii) any international treaty or understanding relating to such taxation and to which Germany or the European Union is a party/are parties or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or
- (e) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or is duly provided for, whichever occurs later; or
- (f) are payable by reason of the Holder having, or having had, some personal or business connection with Germany or being a (deemed) resident of Germany or is treated for tax purposes as a resident of Germany or has elected to be taxed as a resident of Germany or the Holder having a (deemed) permanent establishment in Germany or another member state of the European Union and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, Germany.

Notwithstanding any other provisions contained herein, the Issuer shall be permitted to withhold or deduct any amounts required pursuant to an agreement described in Section 1471 (b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor provisions), any regulations or agreements thereunder, official interpretations thereof, or any law implementing and intergovernmental approach thereto ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify any Holder for any such FATCA withholding deducted or withheld by the Issuer, the Principal Paying Agent, an additional paying agent or any other party.

§ 9
PRESENTATION PERIOD

The presentation period provided in § 801 subparagraph 1, sentence 1 *BGB* (German Civil Code) is reduced to ten years for claims under the Notes.

§ 10
SUBSTITUTION

(1) *Substitution*. The Issuer may, without the consent of the Holders, if no payment of principal of or interest on any of the Notes is in default, at any time substitute for the Issuer any other company more than 90 per cent. of the voting share or other equity interests of which are directly or indirectly owned by the Issuer as principal debtor in respect of all obligations arising from or in connection with the Notes (the "**Substitute Debtor**") provided that:

- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (b) the Substitute Debtor has obtained all necessary authorisations and may transfer to the Principal Paying Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;
- (c) the Substitute Debtor has agreed to indemnify and hold harmless each Holder against any withholding tax, duty, assessment or governmental charge imposed on such Holder in respect of such substitution;
- (d) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes; and
- (e) there shall have been delivered to the Principal Paying Agent an opinion or opinions of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied.

(2) *Notice*. Notice of any such substitution shall be published in accordance with § 13.

(3) *Change of References*. In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor.

Furthermore, in the event of such substitution, in § 8 and § 5(3) an alternative reference to Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor.

The Issuer is authorized to adapt the global note and the Conditions without the consent of the Holders to the extent necessary to reflect the changes resulting from the substitution. Appropriately adjusted global notes or Conditions will be deposited with or on behalf of the Clearing System.

§ 11
AMENDMENT OF THE CONDITIONS, HOLDERS' REPRESENTATIVE

(1) *Amendment of the Conditions*. In accordance with the Act on Debt Securities of 2009 (*Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – "SchVG")*) the Issuer may, with the consent of the Holders, amend the Conditions with regard to matters permitted by the SchVG. The Holders' consent to such amendments is given by resolution with the majority specified in paragraph (2). Majority resolutions shall be binding on all Holders. Resolutions which do not provide for identical conditions for all Holders are void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) *Majority*. Resolutions shall be passed by a majority of not less than 75 per cent. of the votes cast. Resolutions relating to amendments of the Conditions which are not material and which do not relate to the matters listed in § 5(3) No. 1 – 8 and (if § 10 of these Conditions does not provide otherwise) No. 9 of the SchVG require a simple majority of the votes cast.

(3) *Vote without a meeting*. All votes will be taken, subject to the next sentence, exclusively by vote taken without a meeting. A meeting of Holders and the assumption of the fees by the Issuer for such a meeting will only take place in the circumstances of § 18(4) sentence 2 of the SchVG.

(4) *Chair of the vote*. The vote will be chaired by a notary appointed by the Issuer or, if the Holders' Representative (as defined in subparagraph (6) below) has convened the vote, by the Holders' Representative.

(5) *Voting rights.* Each Holder participating in any vote shall cast votes in accordance with the nominal amount or the notional share of its entitlement to the outstanding Notes.

(6) *Holders' Representative.* The Holders may by majority resolution appoint a common representative (the "**Holders' Representative**") to exercise the Holders' rights on behalf of each Holder.

The Holders' Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Holders' Representative shall comply with the instructions of the Holders. To the extent that the Holders' Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Holders' Representative shall provide reports to the Holders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the Holders' Representative.

§ 12

FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single issue with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Principal Paying Agent for cancellation. If purchases are made by public tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 13

NOTICES

(1) *Publication.* All notices concerning the Notes shall be published in the Federal Gazette (*Bundesanzeiger*) and in addition will be made by means of electronic publication on the internet website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice so given will be deemed to have been validly given on the third day following the date of such publication.

(2) *Notification to Clearing System.* So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange, subparagraph (1) shall apply. If the Rules of the Luxembourg Stock Exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication as set forth in subparagraph (1) above; any such notice shall be deemed to have been validly given on the seventh day after the day on which the said notice was given to the Clearing System.

§ 14

APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, as to form and content, and all obligations of the Issuer and rights of the Holders shall be governed by German law.

(2) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes.

(3) *Enforcement.* Any Holder of Notes may in any proceeding against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of (i) a statement issued by the Custodian (as defined below) with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorized officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorized to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce its rights under these Notes also in any other way which is admitted in the country of the Proceedings.

§ 15
LANGUAGE

These Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

Restrictions regarding the Redemption and Repurchase of the Notes

The following paragraphs in italics do not form part of the Conditions.

The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Notes only to the extent they are replaced with instruments with equivalent S&P equity credit. Such replacement would be provided during the 360-day period prior to the date of such redemption or repurchase. The net proceeds received by the Issuer or a Subsidiary of the Issuer from the sale to third party purchasers of securities which are assigned an S&P equity credit that is at least equal to the highest respective equity credit assigned to the Notes by S&P during the period from the Interest Commencement Date to the last date on which an Acquisition Event can occur will count as replacement.

The following exceptions apply as to the Issuer's replacement intention. The Notes are not required to be replaced:

- (i) if the rating assigned by S&P to the Issuer is at least A- and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase, or*
- (ii) in the case of repurchase of less than (x) 10 per cent of the aggregate principal amount of the Notes originally issued in any period of 12 consecutive months or (y) 25 per cent of the aggregate principal amount of the Notes originally issued in any period of 10 consecutive years is repurchased, or*
- (iii) if the Notes are redeemed pursuant to a Rating Event (to the extent it is triggered by a change of methodology at S&P), a Tax Deductibility Event, an Acquisition Event or a Gross-Up Event, or*
- (iv) if the Notes are not assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase), or*
- (v) if such redemption or repurchase occurs on or after July 1, 2044.*

DESCRIPTION OF RULES REGARDING RESOLUTIONS OF HOLDERS

The Conditions pertaining to a certain series of Notes provide that the Holders may agree to amendments or decide on other matters relating to the Notes by way of a resolution to be passed by taking votes without a meeting, or in exceptional circumstances at meetings of the Holders. Any such resolution duly adopted by the Holders shall be binding on each Holder of the respective series of Notes, irrespective of whether such Holder took part in the vote and whether such Holder voted in favor of or against such resolution.

The following is a brief summary of some of the rules regarding the taking of votes without meetings and the convening and conduct of meetings of Holders, the passing and publication of resolutions, their implementation and the filing of actions to challenge resolutions before German courts.

Specific Rules regarding Votes without Meeting

The voting shall be conducted by the chairman of the meeting. Such chairman shall be (i) a notary public appointed by the Issuer, (ii) where a common representative of the Holders (the "**Holders' Representative**") has been appointed and has solicited the vote, the Holders' Representative or (iii) a person appointed by the competent court.

The notice soliciting the Holders' votes shall state the period within which votes may be cast. During such voting period, the Holders may cast their votes to the person presiding over the taking of votes. Such notice shall also set out in detail the conditions to be met for the votes to be valid.

The person presiding over the taking of votes shall ascertain each Holder's entitlement to cast a vote based on evidence provided by such Holder and shall prepare a list of the Holders entitled to vote. If it is established that no quorum exists, the person presiding over the taking of votes may convene a meeting of the Holders. Within one year following the end of the voting period, each Holder participating in the vote may request a copy of the minutes of such vote and any annexes thereto from the Issuer.

Each Holder participating in the vote may object in writing to the result of the vote within two weeks following the publication of the resolutions passed. The objection shall be decided upon by the person presiding over the taking of votes. If the person presiding over the taking of votes remedies the objection, such person shall promptly publish the result. If the person presiding over the taking of votes does not remedy the objection, such person shall promptly inform the objecting Holder in writing.

The Issuer shall bear the costs of the vote and, if the court has convened, the costs of such proceedings.

Rules regarding Holders' Meetings applicable to Votes without Meeting

In addition, the statutory rules applicable to the convening and conduct of Holders' meetings will apply *mutatis mutandis* to any vote without a meeting. Some of these rules are summarised below.

Meetings of Holders may be convened by the Issuer or the Holders' Representative, if any. Meetings of Holders must be convened if one or more Holders holding five per cent. or more of the outstanding Notes so require for specified reasons permitted by statute.

Meetings may be convened not less than 14 days prior to the date of the meeting. Holders must register in advance in order to attend the meeting and exercise voting rights. The convening notice will specify what form of identification shall be required for the Holder to be admitted to, and to vote at, the meeting. The place of the meeting in respect of a German issuer is the place of the issuer's registered office, provided, however, that where the relevant Notes are listed on a stock exchange within the European Union or the European Economic Area, the meeting may be held at the place of such stock exchange.

The convening notice shall be made publicly available together with the agenda of the meeting setting out the proposals for resolution.

Each Holder may be represented by a proxy. Holders representing not less than 50 per cent. of the outstanding Notes by value shall constitute a quorum at the meeting or when a vote is taken without a meeting. If

the quorum is not reached, a second meeting may be called at which no quorum will be required, provided that where a resolution may only be adopted by a qualified majority, at least 25 per cent. of the aggregate principal amount of outstanding Notes shall be represented.

All resolutions adopted must be properly published. In the case of Notes represented by one or more global notes, resolutions which amend or supplement the Conditions have to be implemented by supplementing or amending the relevant global note(s).

In insolvency proceedings instituted in Germany against an Issuer, a Holders' Representative, if appointed, is obliged and exclusively entitled to assert the Holders' rights under the Notes. Any resolutions passed by the Holders are subject to the provisions of the Insolvency Code (*Insolvenzordnung*).

If a resolution constitutes a breach of the statute or the Conditions, Holders may bring an action to set aside such resolution. Such action must be filed with the competent court within one month following the publication of the resolution.

USE OF PROCEEDS

The net proceeds of the issuance of the Notes, amounting to approximately EUR 3,233,750,000, will be used to finance in part the acquisition of the consumer care business of U.S. pharmaceutical company Merck & Co., Inc., Whitehouse Station, NJ, USA. In the event that the aforementioned transaction is not consummated, the proceeds of the issuance of the Notes may be used for the Issuer's general corporate purposes, which may include the financing of other merger and acquisition activities, if any.

BAYER AG

Responsibility Statement

The Responsibility Statement is set out on page iii of this Prospectus.

Independent Auditors

The independent auditor of Bayer AG is PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Friedrich-List-Str. 20, 45128 Essen, Germany ("**PwC**"), member of *Wirtschaftsprüferkammer* Berlin. PwC has audited the consolidated financial statements of Bayer AG as of and for the fiscal years ended December 31, 2012 and 2013, and has issued an unqualified auditor's report in each case.

Selected Financial Information

This selected Financial Information has been extracted, without material adjustment, from the audited consolidated financial statements of the Bayer Group as of and for the year ended December 31, 2013 and the unaudited condensed consolidated interim financial statements of the Bayer Group as of and for the three months ended March 31, 2014. These financial statements have been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, and the interpretations of the IFRS Interpretations Committee, both as endorsed by the European Union and in effect at the end of the respective reporting periods.

	As of and for the three month ended		As of and for the year ended	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
	in million Euro		in million Euro	
Sales	10,555	10,266	40,157	39,741
Net income ^(a)	1,423	1,160	3,189	2,403
Net cash flow	163	327	5,171	4,530
Total assets	56,457	52,870	51,317	51,318
Equity	21,094	19,780	20,804	18,551

^(a) Net income = Income (loss) after tax attributable to Bayer AG stockholders

Risk Factors in respect of Bayer

For a description of certain risk factors relating to Bayer, see "*Risk Factors – Risk Factors in respect of Bayer*".

Information on Bayer

History and Incorporation

Bayer AG was established on December 19, 1951 under the name "Farbenfabriken Bayer Aktiengesellschaft". It was registered under German law in the commercial register at the local court of Opladen (today the local court of Cologne) under the number HRB 1122 (today, at the local court of Cologne, under the number HRB 48248). Its name was changed to "Bayer Aktiengesellschaft" by resolution of the Meeting of the Stockholders on June 14, 1972.

The registered office of Bayer AG is at Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Germany, telephone number: +49 214 30 48334.

Investments

Acquisitions in 2013:

Acquisition costs in 2013 amounted to €1,440 million (2012: €502 million). The purchase prices of the acquired companies or businesses were settled mainly in cash. Total goodwill of €801 million (2012: €190 million) arose on these acquisitions. It related principally to the following transactions:

On January 2, 2013, HealthCare wholly acquired the U.S. company Teva Animal Health Inc., headquartered in St. Joseph, Missouri. The acquisition broadens HealthCare's range of anti-infective solutions for livestock and expands the existing product offering to include reproductive hormones. The transaction also adds dermatological products for companion animals, pet wellness products and nutraceuticals to the company's portfolio. The parties agreed on a one-time payment of €38 million plus potential milestone payments, for which an amount of €45 million was included in the purchase price allocation. The milestone payments are mainly dependent on the achievement of various sales targets. The purchase price pertained mainly to product trademarks. Sales of €11 million were recorded since the acquisition date.

On January 18, 2013, CropScience acquired all the shares of PROPHYTA Biologischer Pflanzenschutz GmbH, a leading supplier of biological crop protection products headquartered in Malchow in the German state of Mecklenburg-Western Pomerania. In addition to research and development facilities, the acquisition also includes state-of-the-art production and formulation facilities in the city of Wismar. A purchase price of €25 million was agreed, pertaining mainly to technologies, research and development projects and goodwill. In addition, two related distribution rights were acquired for €5 million. Sales of €4 million were recorded since the acquisition date.

On March 15, 2013, CropScience wholly acquired soybean seed producer Wehrtec Tecnologia Agricola Ltda. and the soybean business of Agricola Wehrmann Ltda. Both companies are headquartered in Cristalina in the Brazilian state of Goiás. This transaction strengthens the soybean research and development activities of CropScience and contributes to the development of varieties tailored to the requirements of Brazilian soybean growers. A purchase price of €34 million was agreed along with potential milestone payments of up to €11 million. The purchase price pertained mainly to marketable crop plants, breeding material and goodwill. Sales of €16 million were recorded since the acquisition date.

In June 2013, HealthCare successfully completed the tender offer for the shares of Conceptus, Inc., currently headquartered in Milpitas, California, United States, and acquired 100% of the outstanding shares. Conceptus, Inc. has developed Essure™, the only non-surgical permanent birth control method, which it markets in the U.S. and other countries. This acquisition enables Bayer to offer an even broader range of short-term, long-term and permanent contraceptive choices for women. A purchase price of €780 million was paid, pertaining mainly to technology and trademark rights. The goodwill remaining after the purchase price allocation is attributable to various factors, including significant cost savings in the marketing and sales functions along with general administration and infrastructure synergies. Sales of €74 million were recorded since the acquisition date.

In April 2013, the District Court of Berlin reached a decision in the court proceeding initiated by former minority stockholders of Bayer Pharma AG (formerly Bayer Schering Pharma AG) to review the adequacy of compensation payments made by Bayer in connection with the domination and profit and loss transfer agreement of 2006. The court decided that the compensation paid by Bayer at the time should be increased by about 40%. Bayer disagrees with this decision and has appealed. The potential supplementary payment represents a subsequent purchase price adjustment according to the March 31, 2004 version of IFRS 3 applicable at the acquisition date. Additional goodwill of €261 million, excluding interest, has been capitalized for this proceeding and for the parallel proceeding relating to the squeeze-out of the former minority stockholders.

On July 1, 2013, HealthCare acquired all the shares of Steigerwald Arzneimittelwerk GmbH, Darmstadt, Germany. Steigerwald holds a strong position in the German phytopharmaceuticals market, which is focused on pharmacy-only herbal medicines. Its product portfolio includes Iberogast™ for the treatment of functional gastrointestinal disorders and Laif™ for the treatment of mild to moderate depression. A purchase price of €218 million was agreed, pertaining mainly to product trademarks, technologies and goodwill. Sales of €33 million were recorded since the acquisition date.

On December 2, 2013, CropScience acquired the start-up company FN Semillas S.A. and its parent

company Holding Manager S.A., both headquartered in Buenos Aires, Argentina. The necessary regulatory approvals are pending. FN Semillas S.A. specializes in the breeding, production and marketing of improved soybean seeds in Argentina. A purchase price of €25 million was agreed, pertaining mainly to commercial cultivars, germplasm and goodwill.

Acquisitions in the first quarter of 2014:

On March 6, 2014, CropScience completed the acquisition of all the shares of Biagro Group, a producer and distributor of biological seed treatment solutions headquartered in Gral. Las Heras in the province of Buenos Aires, Argentina. The company operates production facilities in Argentina and Brazil. Its portfolio of established brands includes seed-applied inoculants, plant-growth-promoting microorganisms and other products for integrated pest management based on bacterial and fungal strains. The acquisition will help CropScience to build on the success of its soybean seed business in Latin America. The acquisition remains subject to the approval of the Argentinian antitrust authorities. A provisional purchase price of up to €24 million was agreed, pertaining mainly to the technology platform and goodwill. The purchase price is comprised of a one-time payment plus potential milestone payments with a fair value of €6 million. The milestone payments are mainly dependent on the achievement of certain sales targets and product approvals.

In March 2014, HealthCare successfully completed the takeover offer for the shares of Algeta ASA, Oslo, Norway, and acquired 100% of the outstanding shares. Bayer issued a takeover offer for all the shares of Algeta at a price of NOK 362 per share in cash on January 20, 2014. On expiration of the offer deadline, Bayer had received acceptances from Algeta shareholders representing about 98% of the share capital. On March 14, a compulsory acquisition process was carried out to obtain the remaining 2% of the shares, also at a price of NOK 362 per share.

Algeta develops novel cancer therapies based on its world-leading, patented technologies. The company develops alpha-pharmaceuticals designed to target cancers using the unique properties of alpha particle radiation. Bayer and Algeta have collaborated since 2009 to develop and commercialize radium-223 -dichloride, which was approved in the United States in May 2013 under the tradename Xofigo™. The acquisition strengthens HealthCare's oncology business. The purchase price was €1,974 million, including €35 million for the settlement of the pre-existing relationship between Algeta and Bayer. The latter amount represents the value of the advantage enjoyed by the acquirer from the contractual relationship that existed prior to the acquisition compared to current market conditions for similar collaborations. The settlement amount is reflected in other operating income and at the same time increases the consideration transferred.

In February 2014, Bayer signed an agreement to acquire all the shares of Dihon Pharmaceutical Group Co., Ltd., Kunming Yunnan, China. Dihon is a pharmaceutical company specializing in the manufacture and marketing of over-the-counter (OTC) and herbal traditional Chinese medicine products. A provisional purchase price of €424 million was agreed. The transaction is subject to fulfillment of certain conditions, including merger control clearance, and is expected to close in the second half of 2014.

Acquisitions after the end of the first quarter 2014 reporting period:

On May 6, 2014, Bayer agreed to acquire the consumer care business of U.S. pharmaceutical company Merck & Co., Inc., Whitehouse Station, NJ, USA, for a purchase price of USD 14.2 billion (EUR 10.4 billion). The acquisition will give Bayer the global number two position in non-prescription (over-the-counter, OTC) products following recently announced consolidations in this highly attractive and growing healthcare industry segment, and will significantly enhance Bayer's business across multiple therapeutic categories and geographies. Merck & Co., Inc.'s consumer care business includes leading brands such as Claritin™, Coppertone™ and Dr. Scholl's™. Pro forma sales of the combined businesses in 2013 amounted to USD 7.4 billion (EUR 5.5 billion) with Merck & Co., Inc.'s business contributing approximately USD 2.2 billion. The transaction is subject to approval from the relevant antitrust authorities, with closing expected in the second half of 2014. To finance the acquisition Bayer entered a USD 14.2 billion bridge facility agreement with Bank of America Merrill Lynch, BNP Paribas and Mizuho, which has been syndicated to a larger group of relationship banks. The proceeds from the subsequent capital market take-out (a combination of senior and hybrid capital instruments) will be used to reduce the amount of the facility.

Divestitures in 2013:

On June 1, 2013, MaterialScience sold its global powder polyester resins business and its U.S.-based liquid polyester resins merchant business to Stepan Company of Northfield, Illinois, United States. A purchase price of €45 million was agreed. The divestment gain of €42 million is reported under special items.

The Bayer Group received further revenue-based payments of €25 million in connection with the transfer of the hematological oncology portfolio to Genzyme Corp., United States, effected in May 2009.

Divestitures in the first quarter of 2014:

No divestitures were made in the first quarter of 2014.

Divestitures after the end of the first quarter 2014 reporting period:

On May 15, 2014, Bayer HealthCare has entered into a definitive agreement to sell its Interventional device business to Boston Scientific. The total consideration for the transaction, including fees for transitional services, is \$415 million (about EUR 300 million). The sale will include the AngioJet™ (thrombectomy) and Jetstream™ (atherectomy) systems, and the Fetch™2 Aspiration Catheter used in cardiology, radiology and peripheral vascular procedures. Closing of the transaction is subject to customary conditions, including relevant antitrust clearance, and is expected to occur in the second half of 2014.

Capital expenditures:

For 2014, Bayer has planned capital expenditures of about €2.1 billion for property, plant and equipment and €0.3 billion for intangible assets.

With an investment of more than €500 million at the sites in Wuppertal and Leverkusen, Germany, HealthCare plans to create additional production capacities for the recombinant Factor VIII (rFVIII) products that are currently in development.

In March 2014, CropScience announced plans to substantially expand its site in Wismar, Germany, to enable it to meet the growing global demand for biological crop protection solutions. The planned investment includes the construction of a new manufacturing facility for biological crop protection products along with the necessary infrastructure. The production capacities will be extended in stages, and work should be completed by 2016 at the latest. The planned total investment amounts to approximately €18 million.

In March 2014, MaterialScience began the construction of a new plant at the site in Shanghai, China, for the production of the coating raw material hexamethylene diisocyanate (HDI). With an annual capacity of 50,000 metric tons, it will be one of the largest facilities of its kind in the world. The new plant will utilize gas-phase technology, which requires substantially less energy and solvent than conventional processes. Completion is scheduled for 2016.

Business Overview

Principal activities of Bayer AG and the Bayer Group

The Bayer Group is a global company offering a wide range of products, including ethical pharmaceuticals and other health care products, agricultural products and polymers. Bayer AG is headquartered in Leverkusen, Germany and is the management holding company of the Bayer Group, which as of March 31, 2014 includes 290 consolidated subsidiaries (December 31, 2013: 289).

Bayer's business operations are organized in three subgroups:

- *HealthCare* (consisting of the Pharmaceuticals and the Consumer Health segments) develops, produces and markets:
 - prescription pharmaceuticals, such as for the treatment of contraceptives, hemophilia treatments, anticoagulants and medicines to treat multiple sclerosis, cancer, hypertension and infectious diseases, and
 - over-the-counter medications, dermatology products, nutritional supplements, veterinary medicines and grooming products; diagnostic systems such as blood glucose meters, medical products such as injection systems and contrast media for diagnostic procedures.
- *CropScience* develops, produces and markets:
 - a comprehensive product portfolio in the areas of seeds and plant traits; crop protection, and for gardens, the green industry and nonagricultural pest control
- *MaterialScience* primarily develops, manufactures and markets:
 - high-tech polymer materials in the areas of polyurethanes, polycarbonates, coating and adhesive raw materials and functional films,
 - in addition, it produces and markets inorganic basic chemicals.

The following service organizations provide supporting functions to the Bayer Group and third parties:

- *Business Services*, which provides information management, accounting, consulting and administrative services.
- *Technology Services*, which provides engineering functions such as process development, process and plant engineering, construction and optimization.
- *Currenta*, which operates the Chempark network of industrial facilities in Germany and provides site-specific services in the areas of technology, environmental protection, waste management, utility supply, infrastructure, safety, chemical analysis and vocational training to Bayer and non-Bayer companies. Currenta GmbH & Co. OHG is held by Bayer AG (60 per cent.) and Lanxess Deutschland GmbH (40 per cent.).

Principal Markets

Bayer's subsidiaries and affiliates around the world are grouped into four regions:

- Europe,
- North America,
- Asia/Pacific and
- Latin America/Africa/Middle East.

The Group's total sales in 2013 based on customer location, were as follows: 37.6 per cent. in Europe; 24.1 per cent. in North America; 21.5 per cent. in the Asia/Pacific region; and 16.8 per cent. in the Latin America/Africa/Middle East region. For the first quarter of 2014, the Group's total sales based on customer location were as follows: 41.7 per cent. in Europe; 25.4 per cent. in North America; 20.3 per cent. in the Asia/Pacific region; and 12.6 per cent. in the Latin America/Africa/Middle East region.

Competitive Position

Bayer's Pharmaceuticals segment supplies prescription products. Bayer's range of cardiovascular products includes the anticoagulant Xarelto™, Adalat™ to treat hypertension and coronary heart disease, and Aspirin™ Cardio for secondary prevention of heart attacks. The product portfolio in women's healthcare comprises contraceptives such as YAZ™ / Yasmin™ / Yasminelle™, Mirena™ and the Essure™ procedure.

Bayer also offers specialty pharmaceuticals that are mainly prescribed by specialist physicians, including Kogenate™ for people with hemophilia A, Betaferon™ / Betaseron™ to treat multiple sclerosis, the cancer drugs Nexavar™, Stivarga™ (regorafenib) and Xofigo™ (radium-223 dichloride), the eye medicine Eylea™ (aflibercept), and riociguat (approved in the United States and Japan under the trademark Adempas™) to treat two forms of pulmonary hypertension. Bayer's pharmaceutical products are primarily distributed through wholesalers, pharmacies and hospitals. Co-promotion and co-marketing agreements serve to optimize Bayer's distribution network.

The portfolio of Bayer's Consumer Health segment mainly comprises non-prescription products. The Consumer Care Division specializes in over-the-counter (OTC) medicines – those available without a prescription – and is among the leading suppliers in the OTC market with a portfolio covering all the major therapeutic areas. In the Medical Care Division, Bayer offers blood glucose monitoring devices such as the single-strip Contour™ system and the multi-strip Breeze™ system. Bayer also markets the Contour™ USB meter, which features integrated diabetes management software and direct plug-in to computers. Bayer is among the principal players in the market for blood glucose meters and is also the world's leading supplier of contrast agent injection systems for diagnostic and therapeutic medical procedures in X-ray, computed tomography and magnetic resonance imaging. The Animal Health Division offers an extensive portfolio of pharmaceuticals, nutritionals, grooming products and hygiene products for farm and companion animals. Bayer's innovative Advantage™ family of products to protect dogs and cats from parasite infestation gives Bayer the number two position in the parasiticides market based on the estimates of Bayer. The newly developed Seresto™ collar replaces conventional dog and cat collars with a modern system for controlled release of the active ingredient and reinforces Bayer's leading market position.

The Crop Protection business is based on a broad portfolio of highly effective herbicides, fungicides, insecticides and seed treatment products with chemical or biological modes of action. Bayer's innovation capability and long years of experience with crop protection products has placed Bayer among the global leaders in this market. The activities of the Seeds unit are focused on cotton, oilseed rape / canola, rice, soybeans and vegetables. Bayer markets high-value seeds based on its own research and breeding expertise. In its core crops, Bayer has achieved strong market positions and is internationally represented. Bayer's seeds are sold to growers, plant raisers, specialist retailers and the processing industry. Plant traits developed using modern breeding methods are either incorporated into Bayer's own seed varieties or licensed to other seed companies. The products of Bayer's Environmental Science operating segment are based on both proprietary and inlicensed active ingredients and designed for non-agricultural uses. Bayer markets pest control and plant care products both to private customers in the home and garden sector and to professional users in the green industry (including for public parks and golf courses), forestry, infrastructure (such as railroad tracks and roads), professional pest control and public health (vector control to combat malaria and dengue fever). CropScience is among the world's leading suppliers of products and solutions for such non-agricultural uses.

One of the world's largest polymer companies, MaterialScience is a manufacturer and supplier of precursors for rigid and flexible foams, plastic granules, and raw materials for coatings and adhesives. The subgroup holds leading competitive positions in these product groups. Bayer also manufactures and markets plastic sheets, functional films and selected inorganic basic chemicals.

Organizational Structure

As the management holding company and ultimate parent company of the Bayer Group, Bayer AG defines the long-term strategy for the Group, its subgroups and its service companies, and sets forth the principles and directives for the resulting corporate policies. Bayer AG holds equity interests in the subgroup management companies and the service companies (described below) and also in other domestic and foreign entities. The Bayer Group is managed by the Board of Management of Bayer AG, which is supported by the Corporate Center. The Board of Management is responsible for the supervision of management and for the

Group's financial management.

The Corporate Center, which provides services to the Board of Management and to the subgroup management companies, consists of the following corporate center functions: the Corporate Office; Corporate Brand, Communications and Government Relations; Investor Relations; Corporate Audit; Corporate Human Resources & Organization; Corporate Development; Innovation; Technology & Manufacturing Strategy; Law, Patents & Compliance; Finance; Group Accounting and Controlling; Regional Coordination; Global Taxes; Mergers & Acquisitions; and Environment & Sustainability.

The Bayer Group conducts its business operations in the three subgroups HealthCare, CropScience and MaterialScience. The three subgroup management companies Bayer HealthCare AG, Bayer CropScience AG and Bayer MaterialScience AG manage the respective subgroups and the business activities of the domestic and foreign affiliates assigned to them. Within the framework of the strategies, goals and guidelines determined by the Bayer AG Board of Management, each subgroup is an independent operating area with worldwide business accountability and its own management. Each of the subgroup management companies has entered into a domination and profit and loss transfer agreement with Bayer AG.

Three service companies, Bayer Technology Services GmbH, Bayer Business Services GmbH and Currenta GmbH & Co. OHG (in which Bayer AG owns a 60 per cent. stake and Lanxess Deutschland GmbH a 40 per cent. stake), provide support functions to the three subgroups as well as to Bayer AG.

For more information on Bayer's current organizational structure, refer to "- *Principal activities of Bayer AG and the Bayer Group*".

Subsidiaries

The financial statements of the Bayer Group as of March 31, 2014 included 290 fully or proportionately consolidated companies (December 31, 2013: 289).

The following table lists Bayer AG's material consolidated subsidiaries as of December 31, 2013 and its beneficial ownership interest in each.

Company Name and Place of Business	Bayer's Interest (per cent.)
Germany	
Bayer Animal Health GmbH, Leverkusen	100
Bayer Business Services GmbH, Leverkusen	100
Bayer CropScience AG, Monheim am Rhein	100
Bayer CropScience Deutschland GmbH, Langenfeld	100
Bayer Gesellschaft für Beteiligungen mbH	100
Bayer Intellectual Property GmbH, Monheim am Rhein	100
Bayer MaterialScience AG, Leverkusen	100
Bayer Pharma AG, Berlin	100
Bayer Technology Services GmbH, Leverkusen	100
Bayer Vital GmbH, Leverkusen	100
Currenta GmbH & Co. OHG, Leverkusen	60
Jenapharm GmbH & Co. KG, Jena	100
Other European Countries	
Bayer (Schweiz) AG, Switzerland	100
Bayer Antwerpen NV, Belgium	100
Bayer Austria Gesellschaft m.b.H., Austria	100
Bayer B.V., Netherlands	100
Bayer Capital Corporation B.V., Netherlands	100
Bayer Consumer Care AG, Switzerland	100

Bayer CropScience Limited, U.K.	100
Bayer CropScience NV, Belgium	100
Bayer CropScience S.L., Spain	100
Bayer CropScience S.r.l., Italy	100
Bayer d.o.o., Slovenia	100
Bayer HealthCare Manufacturing S.r.l., Italy	100
Bayer Hispania, S.L., Spain	100
Bayer Hungária Kft., Hungary	100
Bayer International SA, Switzerland	100
Bayer Ltd., Ukraine	100
Bayer MatrialScience, S.L., Spain	100
Bayer Oy, Finland	100
Bayer Portugal, SA, Portugal	100
Bayer Public Limited Company, U.K.	100
Bayer R&I B.V., Netherlands	100
Bayer S.A.S., France	100
Bayer S.p.A., Italy	100
Bayer Santé Familiale SAS, France	100
Bayer Santé SAS, France	100
Bayer Sp.z o.o., Poland	100
Bayer s.r.o., Czech Republic	100
Nunhems B.V., Netherlands	100
SC Bayer SRL, Romania	100
ZAO Bayer, Russia	100

North America

Bayer Business and Technology Services LLC, United States	100
Bayer Corporation, United States	100
Bayer CropScience Inc., Canada	100
Bayer CropScience LLC, United States	100
Bayer CropScience LP, United States	100
Bayer HealthCare LLC, United States	100
Bayer HealthCare Pharmaceuticals Inc., United States	100
Bayer Inc., Canada	100
Bayer MaterialScience LLC, United States	100
Bayer Medical Care Inc., United States	100
Bayer West Coast Corporation, United States	100
Bayer PO LLC, United States	100
Nunhems USA, Inc., United States	100

Asia / Pacific

Bayer Australia Limited, Australia	100
Bayer CropScience (China) Company Ltd., China	100
Bayer CropScience K.K., Japan	100
Bayer CropScience Limited, India	68.9
Bayer CropScience Ltd., South Korea	100
Bayer CropScience Pty Limited, Australia	100
Bayer HealthCare Co. Ltd., China	100

Bayer Korea Ltd., South Korea	100
Bayer MaterialScience (China) Company Limited, China	100
Bayer MaterialScience Limited, Hong Kong, China	100
Bayer MaterialScience Pty Ltd., Australia	100
Bayer New Zealand Limited, New Zealand	100
Bayer Taiwan Company Ltd., Taiwan	100
Bayer Thai Co., Ltd., Thailand	100
Bayer Yakuhin, Ltd., Japan	100
PT. Bayer Indonesia, Indonesia	99.8
Sumika Bayer Urethane Co., Ltd., Japan	60

Latin America / Africa / Middle East

Bayer (Proprietary) Limited, South Africa	100
Bayer de Mexico, S.A. de C.V., Mexico	100
Bayer S.A., Argentina	100
Bayer S.A., Brazil	100
Bayer S.A., Chile	100
Bayer S.A., Colombia	100
Bayer S.A., Venezuela	100
Bayer Türk Kimya Sanayi Limited Sirketi, Turkey	100

Also included in the consolidated financial statements are the following associates, which are accounted for by the equity method:

Company Name and Place of Business	Bayer's Interest (per cent.)
Associated companies	
Paltough Industries (1998) Ltd., Israel	25
PO JV, LP, U.S.A.	39.7
Joint ventures	
Bayer IMSA, S.A. de C.V., Mexico	50
Bayer Zydus Pharma Private Limited, India	50
DIC Bayer Polymer Ltd., Japan	50.0

Trend Information

A large proportion of Bayer's products, especially in the Life Science businesses, is protected by patents. Generic manufacturers and others attempt to contest patents prior to their expiration. Sometimes a Generic version of a product may even be launched "at-risk" prior to the issuance of a final patent decision.

Pharmaceutical products are subject to regulatory price controls in many markets, and government reimbursement systems often favor less expensive generic medicines over branded products. In addition, in some markets, major suppliers in the health care sector can exert substantial pressure on prices. Price controls and pricing pressure reduce earnings from Bayer's pharmaceutical products and may occasionally make the market launch of a new product unprofitable. Bayer expects the current extent of regulatory controls and market pressures on pricing to persist or increase.

The expectations of the public and the regulatory authorities with regard to the safety and efficacy of chemical and pharmaceutical products are constantly rising. Against this background, Bayer continues to anticipate increasing regulatory requirements for clinical or (eco)toxicological studies, for example. This increases product development costs and the time it takes to obtain registration or marketing approval.

For MaterialScience, an economic downturn, changes in competitors' behavior or the market entry of new competitors can lead to a more intense competitive situation characterized by overcapacities and increased pressure on prices.

The Bayer Group requires significant quantities of energy and petrochemical feedstocks for its production processes. Procurement prices for energy and raw materials may fluctuate significantly. Experience has shown that higher production costs cannot always be passed on to customers through price adjustments. This applies especially at MaterialScience.

Subject to the above, there has been no material adverse change in the prospects of the Bayer Group since the date of the last published audited financial statements as of December 31, 2013. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Bayer Group for at least the current financial year.

Directors and Senior Management

In accordance with the German Stock Corporation Act (*Aktiengesetz*), Bayer AG has both a Board of Management (*Vorstand*) and a Supervisory Board (*Aufsichtsrat*). The Board of Management is responsible for the management of Bayer's business; the Supervisory Board supervises the Board of Management and appoints its members. The two boards are separate, and no individual may simultaneously be a member of both boards.

Board of Management

The following table shows the members of Bayer's current Board of Management, their ages and positions and the years in which their current terms expire.

<u>Name and Age</u>	<u>Position</u>	<u>Current Term Expires</u>
Dr. Marijn Dekkers (56)	Chairman	2016
Werner Baumann (51)	Member	2017
Michael König (50)	Member	2016
Kemal Malik (51)	Member	2017

Dr. Marijn Dekkers became Chairman of the Board of Management of Bayer AG in October 2010. Before joining Bayer AG, Mr. Dekkers was President and CEO of the U.S. laboratory equipment manufacturer Thermo Fisher Scientific Inc., Waltham, Massachusetts. From 1985 to 1995 Mr. Dekkers held a number of management positions with General Electric, both in the United States and The Netherlands. In 1995 Mr. Dekkers joined Allied Signal (subsequently Honeywell International Inc.) in Morristown, New Jersey, where he headed this company's Specialty Films and Fluorine Chemicals business groups and then, until 1999, the Electronic Materials division in San José in California's Silicon Valley. Since June 2012 Mr. Dekkers has served as a member of the Board of Directors of General Electric Company.

Werner Baumann joined the Board in January 2010. Prior to joining the Board, Mr. Baumann served in various positions with increasing responsibilities in Leverkusen, Barcelona (Spain) and Tarrytown, New York. In 2002, Mr. Baumann became a member of the Executive Committee and Head of Central Administration & Organization at Bayer HealthCare. In 2003 he was appointed a member of the Board of Management of the newly formed subgroup Bayer HealthCare AG. From 2006 to 2009 he also served as a member of the Board of Management and Labor Director of Bayer Pharma AG. Since May 2010 Mr. Baumann has served as chairman of the supervisory boards of Bayer Business Services GmbH and Bayer CropScience AG.

Effective October 1, 2014, the Supervisory Board has appointed Mr. Baumann, currently Chief Financial Officer (CFO), as Chief Strategy and Portfolio Officer (CSPO) within the Board of Management. Also effective October 1, 2014, Johannes Dietsch, currently Senior Bayer Representative and CFO for Greater China based in Shanghai, will assume the position of Chief Financial Officer. He has been appointed to the Board of Management of Bayer AG effective September 1, 2014.

Johannes Dietsch (52) was born in Wermelskirchen, Germany. After graduating from high school, he

joined Bayer as a commercial trainee. On completion of his training in 1984, he held a number of management positions in various departments within the company. He gained several years of overseas experience during two assignments at Bayer Japan, Ltd., latterly as Chief Financial Officer in finance and administration. In 2001 Dietsch was made Head of Corporate Finance in the Finance Division, becoming Head of Finance in the Corporate Center of Bayer AG on July 1, 2002. His area of responsibility included Treasury, Corporate Finance, Financial Controlling, Asset Management Pensions, Mergers & Acquisitions and Taxes. In September 2011, he was appointed as Senior Bayer Representative and CFO for Greater China at Bayer China in Shanghai.

Mr. Michael König began his career at Bayer AG in 1990 as a process engineer for chemicals projects in Europe. After serving in positions of increasing responsibility, he transferred to China in 2000 to become General Manager of Bayer Polymers Shanghai Co. Ltd. There he led the first negotiations on the construction of the new production site, the Bayer Integrated Site Shanghai, and was made site manager in 2002. Having first served as Global Head of Production and Technology Isocyanates at Bayer MaterialScience, König became Senior Bayer Representative for the Greater China country group and Senior Country Representative for Bayer MaterialScience in China in 2007. He was Head of Bayer MaterialScience's Polycarbonates Business Unit, headquartered in Shanghai, from 2011 until his appointment to the Bayer Board of Management. He was also the member of the Bayer MaterialScience Executive Committee responsible for the Asia/Pacific region.

Mr. Kemal Malik was born in Slough, United Kingdom. He joined Bayer in 1995 as Head of Metabolism and Oncology Europe in the then Pharmaceuticals Business Group. He subsequently served as Head of Global Medical Development before being appointed Head of Global Development. Kemal Malik was a member of the Executive Committee of Bayer HealthCare AG from 2007 until his appointment to the Board of Management of Bayer AG. He was also Head of Global Development and Chief Medical Officer in the Pharmaceuticals Division. Before joining Bayer, Mr. Malik studied medicine at Charing Cross and Westminster Medical School (University of London), graduating as a Bachelor of Medicine, Bachelor of Surgery (MBBS) in 1987. Malik subsequently spent several years in clinical medicine at the Northwick Park Clinical Research Centre and at Hammersmith Hospital, London. He then held various positions of increasing responsibility in medical affairs and clinical development at Bristol-Myers Squibb in the United Kingdom.

Supervisory Board

The following table shows the current members of Bayer's Supervisory Board, their principal occupations, the year in which they were first elected or appointed and memberships they held as per December 31, 2013 (unless otherwise indicated) on the supervisory boards of other companies that are required by German law to have a supervisory board or comparable governance body. Employee representatives are identified by an asterisk.

<u>Name</u>	<u>Position</u>	<u>Principal Occupation</u>	<u>First Elected</u>	<u>Membership on other Supervisory Boards</u>
Werner Wenning	Chairman	Chairman of the Supervisory Board of Bayer AG and Chairman of the Supervisory Board of E.ON SE	2012	E.ON SE (Chairman), Henkel Management AG, Siemens AG (Vice Chairman), Henkel AG & Co. KGaA (member of the Shareholders' Committee)
*Thomas de Win	Vice Chairman	Chairman of the Bayer Group Works Council, Chairman of the Bayer Central Works Council	2002	Bayer MaterialScience AG
Dr. Paul Achleitner	Member	Chairman of the Supervisory Board of Deutsche Bank AG	2002	Daimler AG, Deutsche Bank AG (Chairman), Henkel AG & Co. KGaA (member of the Shareholders' Committee)

Dr. rer. nat. Simone Bagel-Trah ¹	Member	Chairman of the Supervisory Board of Henkel AG & Co. KGaA and Henkel Management AG and Shareholders' Committee of Henkel AG & Co. KGaA	2014	Henkel AG & Co. KGaA (Chairman of the Supervisory Board and the Shareholders' Committee), Henkel Management AG (Chairman)
Dr. Clemens Börsig	Member	Member of various supervisory boards	2007	Daimler AG, Emerson Electric Co., Linde AG
*André van Broich	Member	Chairman of the Works Council of the Dormagen site of Bayer	2012	Bayer CropScience AG
Thomas Ebeling	Member	Chief Executive Officer of ProSiebenSat. 1 Media AG	2012	Lonza Group AG
*Dr.-Ing. Thomas Fischer	Member	Chairman of the Group Managerial Employees' Committee of Bayer	2005	Bayer MaterialScience AG
*Peter Hausmann	Member	Member of the Executive Committee of the German Mining, Chemical and Energy Industrial Union	2006	Continental AG, Henkel AG & Co. KGaA, 50Hertz Transmission GmbH, Vivawest Wohnen GmbH
*Reiner Hoffmann ²	Member	North Rhine District Secretary of the German Mining, Chemical and Energy Industrial Union, Chairman of the German Trade Union Confederation	2006	Evonik Services GmbH (Vice Chairman), SASOL Germany GmbH (Vice Chairman)
*Yüksel Karaaslan	Member	Chairman of the Works Council of the Berlin site of Bayer	2012	Bayer Pharma AG
Dr. rer. pol. Klaus Kleinfeld	Member	Chairman and Chief Executive Officer of Alcoa Inc.	2005	Member of the Board of Directors of Morgan Stanley
*Petra Kronen	Member	Chairman of the Works Council of the Uerdingen site of Bayer	2000	Bayer MaterialScience AG (Vice Chairman)
Dr. rer. nat. Helmut Panke	Member	Member of various supervisory boards	2007	Microsoft Corporation, Singapore Airlines Limited, UBS AG
Sue H. Rataj	Member	Member of the Board of Directors (non-executive) of Cabot Corporation	2012	—

*Petra Reinbold-Knape	Member	Northeast District Secretary of the German Mining, Chemical and Energy Industrial Union	2012	envia Mitteldeutsche Energie AG, Vattenfall Europe Generation AG, MDSE Mitteldeutsche Sanierungs- und Entsorgungsgesellschaft mbH
*Michael Schmidt-Kiessling ³	Member	Chairman of the Works Council of the Elberfeld site of Bayer	2012	Bayer Pharma AG
Dr. Klaus Sturany ⁴	Member	Member of various supervisory boards	2007	Hannover Rückversicherung AG (Vice Chairman), Sulzer AG
Prof. Dr. Dr. h.c. mult. Ernst-Ludwig Winnacker	Member	Secretary General of the Human Frontier Science Program (Strasbourg)	1997	Wacker Chemie AG
*Oliver Zühlke	Member	Chairman of the Works Council of the Leverkusen site of Bayer, Chairman of the Bayer European Forum	2007	-

* Employee representatives

¹ Dr. rer. nat. Simone Bagel-Trah was elected to the Supervisory Board in April 2014.

² Reiner Hoffmann became Chairman of the German Trade Union Confederation in May 2014.

³ Michael Schmidt-Kiessling became Chairman of the Works Council of the Elberfeld site of Bayer in April 2014.

⁴ Independent expert member pursuant to Section 5 of § 100 of the German Stock Corporation Act (AktG).

The business address of each member of the Board of Management and the Supervisory Board is Bayer Aktiengesellschaft, Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Germany.

There are no potential conflicts of interest between any duties of the members of the Board of Management or the Supervisory Board toward Bayer and their respective private interests and/or other duties.

Board Practices

In accordance with the German Stock Corporation Act (*Aktiengesetz*), Bayer AG has both a Board of Management (*Vorstand*) and a Supervisory Board (*Aufsichtsrat*). The Board of Management is responsible for the management of Bayer's business; the Supervisory Board oversees the work of the Board of Management and appoints its members. The two boards are separate, and no individual may simultaneously be a member of both boards.

Both the members of the Board of Management and the members of the Supervisory Board owe a duty of loyalty and care to Bayer AG. In exercising their duties, the applicable standard of care is that of a diligent and prudent businessperson. Both the members of the Board of Management and the members of the Supervisory Board must take into account a broad range of considerations when making decisions, including the interests of Bayer AG and its stockholders as well as of its employees and creditors.

The members of the Board of Management and the Supervisory Board may be held personally liable to Bayer AG for breaches of their duties of loyalty and care. Bayer AG must bring an action for breach of duty against the Board of Management or Supervisory Board upon a resolution of the stockholders passed at a Stockholders' Meeting by a simple majority of the votes cast. Furthermore, minority shareholders representing at least 1 per cent. of the company's share capital or shares with a nominal value of €100,000 can file an application in court requesting an action to be admitted against members of either of the company's boards on behalf of the company or in their own name.

With the exception of stockholders of companies that (unlike Bayer AG) are under the control of

another company, individual stockholders of German companies cannot sue directors on behalf of the company in a manner analogous to a stockholder's derivative action under U.S. law. Under German law, directors may be liable for breach of duty to stockholders (as opposed to a duty to the company itself) only where a breach of duty to the company also constitutes a breach of a statutory provision enacted specifically for the protection of stockholders. In practice, stockholders are able to assert liability against directors for breaches of this sort only in unusual circumstances. The German Securities Trading Law (*Wertpapierhandelsgesetz*) provides for damage claims of stockholders against the issuer under certain circumstances, if the issuer violates the provisions on publication of insider information with intent or gross negligence.

Board of Management

The Board of Management is responsible for managing the business of Bayer AG in accordance with the German Stock Corporation Act and Bayer AG's Articles of Incorporation. It also represents Bayer AG in its dealings with third parties and in court. According to the Articles of Incorporation, the Board of Management consists of a minimum of two members. The Supervisory Board determines the number of and appoints the members of the Board of Management. Members of the Board of Management are appointed for a maximum term of five years and are eligible for reappointment after the completion of their term in office.

Bayer AG is legally represented by two members of the Board of Management acting together, or by one member of the Board of Management together with a person possessing a special power of attorney (*Prokura*).

The Board of Management must report regularly to the Supervisory Board, particularly on proposed business policy and strategy, on profitability and on the current business of Bayer AG, as well as on any exceptional matters that may arise from time to time. If not otherwise required by law, the Board of Management makes decisions by a simple majority of the votes cast. In case of deadlock, the chairman has the casting vote.

Under certain circumstances, such as a serious breach of duty or a vote of no confidence by the stockholders at an Annual Stockholders' Meeting, a member of the Board of Management may be removed by the Supervisory Board prior to the expiration of his/her term. A member of the Board of Management may not deal with, or vote on, matters relating to proposals, arrangements or contracts between him/herself and Bayer AG.

Individual members of the Board of Management serve as representatives with primary responsibility for Bayer's various corporate functions and as representatives for the various geographic regions in which Bayer operates.

Supervisory Board

Under the German Stock Corporation Act, the German Co-Determination Act (*Mitbestimmungsgesetz*) of 1976 and Bayer's Articles of Incorporation, the Supervisory Board consists of 20 members. The principal function of the Supervisory Board is to oversee the work of the Board of Management and to appoint its members. The Supervisory Board oversees Bayer's business policy, corporate planning and strategy. It also approves the annual budget as well as the financial statements of Bayer AG and the consolidated financial statements of the Bayer Group. The Supervisory Board may not make management decisions, but the Board of Management's Rules of Procedure (*Geschäftsordnung*) require the prior consent of the Supervisory Board for specified transactions above a specified threshold, including:

- the acquisition or disposition of assets;
- the acquisition, disposition or encumbrance of real property;
- the acquisition or disposition of Bayer AG shares; and
- the issuance of bonds, conclusion of credit agreements, or grant of guarantees, sureties (*Bürgschaften*) or loans, except to subsidiaries.

Bayer's stockholders elect ten members of the Supervisory Board at the Annual Stockholders' Meeting. Pursuant to the Co-Determination Act of 1976, Bayer's employees elect the remaining ten members. The term of

a Supervisory Board member expires at the end of the Annual Stockholders' Meeting in which the stockholders ratify the actions of the Supervisory Board members for the fourth fiscal year following the year in which the member was elected. There is no compulsory retirement age for members of the Supervisory Board. However, in accordance with the German Corporate Governance Code, Supervisory Board members are encouraged to retire at the Annual Stockholders' Meeting following the member's 72nd birthday.

Any member of the Supervisory Board elected by the stockholders at the Annual Stockholders' Meeting may be removed by a vote of at least three quarters of the votes cast by the stockholders in such meeting. Any member elected by the employees may be removed by a majority of three quarters of the votes cast by the employees. Unless otherwise required by law or by the Articles of Incorporation of Bayer AG, resolutions of the Supervisory Board are passed by a simple majority of the votes cast. According to the Articles of Incorporation, in the case of a deadlock, a second vote is held in which the chairman of the Supervisory Board is entitled to one additional vote. In order to constitute a quorum, at least half of the total members of the Supervisory Board must participate in the voting.

Currently, the Supervisory Board has the following committees:

- The Presidial Committee (*Präsidium*) was established pursuant to § 27 (3) of the Co-Determination Act and consists of the chairman and vice chairman of the Supervisory Board, as well as of one stockholder representative and one employee representative. It serves as Bayer's mediation committee (*Vermittlungsausschuss*) with respect to nominations to the Board of Management. The purpose of this committee is to nominate persons for election to the Board of Management by a simple majority of the votes of the Supervisory Board in the event that the Supervisory Board is unable to appoint members of the Board of Management with the votes of at least a two thirds majority of the Supervisory Board. Pursuant to § 9(2) of the Rules of Procedure (*Geschäftsordnung*) of the Supervisory Board, the Presidial Committee also prepares the general meetings of the full Supervisory Board. The current members of the Presidial Committee are Mr. Wenning (chairman), Mr. Achleitner, Mr. Hausmann and Mr. de Win.
- The Human Resources Committee (*Personalausschuss*) was established pursuant to § 10 of the Rules of Procedure of the Supervisory Board. The Human Resources Committee consists of four members of the Supervisory Board. The chairman of the Supervisory Board acts as chairman of the Human Resources Committee. The main responsibility of the Human Resources Committee is the determination of the salary and other conditions of service of Board of Management members, the legal representation of Bayer AG in matters concerning Board of Management members pursuant to § 112 of the German Stock Corporation Act, the approval of agreements with Supervisory Board members pursuant to § 114 of the German Stock Corporation Act and the approval of loans granted to Supervisory Board and Board of Management members and other persons pursuant to § 89 and § 115 of the German Stock Corporation Act. The current members of the Human Resources Committee are Mr. Wenning (chairman), Mr. Achleitner, Ms. Kronen and Mr. Zühlke.
- The Audit Committee (*Prüfungsausschuss*) was established pursuant to § 11 of the Rules of Procedure of the Supervisory Board. The Audit Committee consists of six members of the Supervisory Board. The main responsibilities of the Audit Committee are oversight of financial accounting, risk management, the preparation of the resolutions of the Supervisory Board with respect to the annual financial statements, the review of all non-audit services to be performed by the independent auditor, oversight over the independent auditors including scope of services, fees and schedules, the direct receipt of the audit reports, and the direct receipt of reports on any accounting irregularities. The current members of the Audit Committee are Mr. Sturany (chairman), Mr. Fischer, Mr. Hoffmann, Mr. Panke, Mr. Wenning and Mr. de Win.
- In 2007, a Nominations Committee (*Nominierungsausschuss*) was established in line with the recommendation in the German Corporate Governance Code of June 2007 to carry 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. The current members of the Nominations Committee are Mr. Wenning (chairman) and Mr. Achleitner.

Under § 161 of the German Stock Corporation Act, the Board of Management and the Supervisory Board of Bayer AG are required to issue an annual declaration that the company has been, and is, in compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" (the "**Code**") as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (*Bundesanzeiger*), or to advise of any recommendations that have not been, or are not being, applied and the reasons for this. An annual declaration was last issued in December 2013, the Board of Management and the Supervisory Board of Bayer AG declared as follows:

"With respect to the past, the following declaration refers to the May 15, 2012 version of the Code. With respect to present and future corporate governance practices at Bayer AG, the following declaration refers to the recommendations in the May 13, 2013 version of the Code.

Pursuant to Section 161 of the German Stock Corporation Act, the Board of Management and Supervisory Board of Bayer AG hereby declare as follows:

1. The company has been in compliance with the recommendations of the Code since issuance of the last annual compliance declaration in December 2012.

2. All the recommendations of the Code are now being complied with in full."

No further declaration has been issued since December 2013.

Major Shareholders

Under Bayer AG's Articles of Incorporation, each of Bayer AG's shares represents one vote. Major shareholders do not have different voting rights. As of December 31, 2013 there are 826,947,808 shares outstanding.

Under the German Securities Trading Act (*Wertpapierhandelsgesetz*; "**WpHG**"), holders of voting securities of a listed German company must notify that company of the level of their holding whenever it reaches, exceeds or falls below specified thresholds. The thresholds are 3, 5, 10, 15, 20, 25, 30, 50 and 75 per cent. of the company's outstanding voting securities.

On December 1, 2009, Capital Research and Management Company, Los Angeles, USA, has informed Bayer according to Article 21, Section 1 of the WpHG that via shares its voting rights in Bayer Aktiengesellschaft, Leverkusen, Deutschland, ISIN: DE000BAY0017, WKN: BAY001, fell below the 10% limit of voting rights on November 26, 2009 and on that day amounted to 9.97% (this corresponds to 82,483,440 voting rights).

By letter dated on September 10, 2010 the announcing entity BlackRock, Inc., New York, U.S.A., has notified Bayer AG, 51373 Leverkusen, Germany, pursuant to Article 21, Section 1 of the WpHG as follows: "The amount of voting rights of BlackRock, Inc. in Bayer AG exceeded the threshold of 5% on September 6, 2010 and amounts to 5.03% (41,569,101 voting rights) on that day. All of the voting rights are attributable to BlackRock, Inc. pursuant to Article 22 Section 1 Sentence 1 No 6 in connection with Sentence 2 WpHG."

Bayer received the following notification pursuant to sec. 25 WpHG on May 16, 2012 from Morgan Stanley, Delaware, USA: "Threshold(s) crossed or reached: 5 per cent., date at which the threshold was crossed or reached: 03.05.2012. Total amount of voting rights: 1.94 per cent. (equals 16077663 voting rights) calculated from the following total number of voting rights issued: 826947808."

On September 6, 2012 The Capital Group Companies, Inc., Los Angeles, U.S.A., has notified us pursuant to section 21 (1) WpHG of the following: On 1 September 2012 the stake of The Capital Group Companies, Inc. in the voting rights in Bayer AG, exceeded the thresholds of 3 % and 5 %. On that day, The Capital Group Companies, Inc., held 6.48 % (53,584,902 ordinary shares (Stammaktien) in relation to all voting rights in Bayer AG. 6.48 % (53,584,902 ordinary shares) of all voting rights in Bayer AG were attributed to The Capital Group Companies, Inc. pursuant to section 22 (1) sent. 1 no. 6 WpHG in connection with section 22 (1) sent. 2 and sent. 3 WpHG. This notification of voting rights of The Capital Group Companies, Inc. regarding Bayer AG is solely based on an internal re-organization of The Capital Group Companies, Inc. and its group

companies. Notifications of voting rights issued by The Capital Research and Management Company are not affected by this notification.

On October 12, 2012 BlackRock Advisors Holdings, Inc., New York, U.S.A., has notified us pursuant to section 21 (1) WpHG of the following: The amount of voting rights of BlackRock Advisors Holdings, Inc. in Bayer Aktiengesellschaft exceeded the threshold of 3% on November 29, 2010 and amounts to 3.03% (25,059,831 voting rights) on that day. All of the voting rights are attributable to BlackRock Advisors Holdings, Inc. pursuant to Article 22 Section 1 Sentence 1 No 6 in connection with Sentence 2 WpHG.

On October 15, 2012 BlackRock Holdco 2, Inc., Wilmington, U.S.A., has notified us pursuant to section 21 (1) WpHG of the following: The amount of voting rights of BlackRock Holdco 2, Inc. in Bayer Aktiengesellschaft exceeded the threshold of 5% on November 18, 2010 and amounts to 5.0003% (41,350,004 voting rights) on that day. All of the voting rights are attributable to BlackRock Holdco 2, Inc. pursuant to Article 22 Section 1 Sentence 1 No 6 in connection with Sentence 2 WpHG.

On October 15, 2012 BlackRock Financial Management, Inc., New York, U.S.A., has notified us pursuant to section 21 (1) WpHG of the following: The amount of voting rights of BlackRock Financial Management, Inc. in Bayer Aktiengesellschaft exceeded the threshold of 5% on November 18, 2010 and amounts to 5.0003% (41,350,004 voting rights) on that day. All of the voting rights are attributable to BlackRock Financial Management, Inc. pursuant to Article 22 Section 1 Sentence 1 No 6 in connection with Sentence 2 WpHG.

On November 1, 2013, BlackRock Advisors Holdings, Inc., New York, USA has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Bayer Aktiengesellschaft, Leverkusen, Deutschland, have exceeded the 5% threshold of the Voting Rights on October 29, 2013 and on that day amounted to 5.001% (this corresponds to 41354257 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 5.001% of the Voting Rights (this corresponds to 41354257 Voting Rights) is to be attributed to the company.

On January 28, 2014, BlackRock International Holdings Inc., New York, NY, USA has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Bayer Aktiengesellschaft, Leverkusen, Deutschland, have exceeded the 5% threshold of the Voting Rights on January 24, 2014 and on that day amounted to 5.0004% (this corresponds to 41350623 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 5.0004% of the Voting Rights (this corresponds to 41350623 Voting Rights) is to be attributed to the company.

On January 28, 2014, BR Jersey International Holdings L.P., St. Helier, Jersey, Channel Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Bayer Aktiengesellschaft, Leverkusen, Deutschland, have exceeded the 5% threshold of the Voting Rights on January 24, 2014 and on that day amounted to 5.0004% (this corresponds to 41350623 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 5.0004% of the Voting Rights (this corresponds to 41350623 Voting Rights) is to be attributed to the company.

On February 20, 2014, BlackRock Group Limited, London, U.K. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Bayer Aktiengesellschaft, Leverkusen, Deutschland, have exceeded the 5% threshold of the Voting Rights on February 18, 2014 and on that day amounted to 5.003% (this corresponds to 41369312 Voting Rights). 5.003% of Voting Rights (this corresponds to 41369312 Voting Rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG (German Securities Trading Act).

Bayer received the following notification pursuant to Art. 25a, Sec. 1 WpHG on April 24, 2014:

1. Listed company: Bayer Aktiengesellschaft, Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Deutschland
2. Notifier: Morgan Stanley, Wilmington, Delaware, USA
3. Triggering event: Exceeding Threshold
4. Threshold(s) crossed or reached: 5%
5. Date at which the threshold is crossed or reached: 17.04.2014
6. Total amount of voting rights: 5.15% (equals 42627203 voting rights) calculated from the following total number of voting rights issued: 826947808
7. Detailed information on the voting rights proportion: Voting rights proportion based on financial/other

instruments pursuant to Art. 25a, Sec. 1 WpHG: 4.17% (equals 34508833 voting rights) thereof held indirectly: 4.17% (equals 34508833 voting rights), Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG: 0.57% (equals 4734584 voting rights) thereof held indirectly: 0.57% (equals 4734584 voting rights), Voting rights pursuant to sec. 21, 22 WpHG: 0.41% (equals 3383786 voting rights).

Bayer received the following notification pursuant to Art. 25a, Sec. 1 WpHG on April 25, 2014:

1. Listed company: Bayer Aktiengesellschaft, Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Deutschland
2. Notifier: Morgan Stanley, Wilmington, Delaware, USA
3. Triggering event: Falling below threshold
4. Threshold(s) crossed or reached: 5%
5. Date at which the threshold is crossed or reached: 22.04.2014
6. Total amount of voting rights: 3.22% (equals 26590537 voting rights) calculated from the following total number of voting rights issued: 826947808
7. Detailed information on the voting rights proportion: Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG: 2.20% (equals 18203933 voting rights) thereof held indirectly: 2.20% (equals 18203933 voting rights), Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG: 0.59% (equals 4856645 voting rights) thereof held indirectly: 0.59% (equals 4856645 voting rights), Voting rights pursuant to sec. 21, 22 WpHG: 0.43% (equals 3529959 voting rights).

On April 28, 2014, Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Bayer Aktiengesellschaft, Leverkusen, Germany, have exceeded the 3% threshold of the Voting Rights on April 25, 2014 and on that day amounted to 3.59% (this corresponds to 29711335 Voting Rights). 0.01% of Voting Rights (this corresponds to 97560 Voting Rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 6 of the WpHG (German Securities Trading Act).

Bayer received the following notification pursuant to sec. 25 WpHG on April 28, 2014:

1. Listed company: Bayer Aktiengesellschaft, Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Germany
2. Notifier: Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany
3. Triggering event: Exceeding Threshold
4. Threshold(s) crossed or reached: 5%
5. Date at which the threshold is crossed or reached: 25.04.2014
6. Total amount of voting rights: 6.89% (equals 56952141 voting rights) calculated from the following total number of voting rights issued: 826947808
7. Detailed information on the voting rights proportion: Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG: 3.29% (equals 27240806 voting rights) thereof held indirectly: 0.0% (equals 0 voting rights), Voting rights pursuant to sec. 21, 22 WpHG: 3.59% (equals 29711335 voting rights).

Bayer received the following notification pursuant to Art. 25a, Sec. 1 WpHG on April 28, 2014:

1. Listed company: Bayer Aktiengesellschaft, Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Germany
2. Notifier: Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany
3. Triggering event: Exceeding Threshold
4. Threshold(s) crossed or reached: 5%
5. Date at which the threshold is crossed or reached: 25.04.2014
6. Total amount of voting rights: 8.97% (equals 74140141 voting rights) calculated from the following total number of voting rights issued: 826947808
7. Detailed information on the voting rights proportion: Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG: 2.08% (equals 17188000 voting rights) thereof held indirectly: 0.0% (equals 0 voting rights), Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG: 3.29% (equals 27240806 voting rights) thereof held indirectly: 0.0% (equals 0 voting rights), Voting rights pursuant to sec. 21, 22 WpHG: 3.59% (equals 29711335 voting rights).

On April 29, 2014, Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Bayer Aktiengesellschaft, Leverkusen, Germany, have fallen below the 3% threshold of the Voting Rights on April 28, 2014 and on that day amounted to 2.99% (this corresponds to 24757872 Voting Rights). 0.01% of Voting Rights (this corresponds to 97560 Voting Rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 6 of the WpHG (German Securities Trading Act).

Bayer received the following notification pursuant to Art. 25a, Sec. 1 WpHG on May 09, 2014:

1. Listed company: Bayer Aktiengesellschaft, Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Deutschland
2. Notifier: Morgan Stanley, Wilmington, Delaware, USA
3. Triggering event: Exceeding Threshold
4. Threshold(s) crossed or reached: 5%
5. Date at which the threshold is crossed or reached: 06.05.2014
6. Total amount of voting rights: 5.05% (equals 41781146 voting rights) calculated from the following total number of voting rights issued: 826947808
7. Detailed information on the voting rights proportion: Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG: 2.40% (equals 19837310 voting rights) thereof held indirectly: 2.40% (equals 19837310 voting rights), Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG: 2.18% (equals 17989872 voting rights) thereof held indirectly: 2.18% (equals 17989872 voting rights), Voting rights pursuant to sec. 21, 22 WpHG: 0.48% (equals 3953964 voting rights).

Bayer received the following notification pursuant to Art. 25a, Sec. 1 WpHG on May 12, 2014:

1. Listed company: Bayer Aktiengesellschaft, Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Deutschland
2. Notifier: Morgan Stanley, Wilmington, Delaware, USA
3. Triggering event: Falling below threshold
4. Threshold(s) crossed or reached: 5%
5. Date at which the threshold is crossed or reached: 08.05.2014
6. Total amount of voting rights: 4.79% (equals 39644565 voting rights) calculated from the following total number of voting rights issued: 826947808
7. Detailed information on the voting rights proportion: Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG: 2.66% (equals 22036243 voting rights) thereof held indirectly: 2.66% (equals 22036243 voting rights), Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG: 1.67% (equals 13782648 voting rights) thereof held indirectly: 1.67% (equals 13782648 voting rights), Voting rights pursuant to sec. 21, 22 WpHG: 0.46% (equals 3825674 voting rights).

Bayer received the following notification pursuant to Art. 25a, Sec. 1 WpHG on May 13, 2014:

1. Listed company: Bayer Aktiengesellschaft, Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Deutschland
2. Notifier: Commerzbank Aktiengesellschaft, Frankfurt am Main, Deutschland
3. Triggering event: Falling below threshold
4. Threshold(s) crossed or reached: 5%
5. Date at which the threshold is crossed or reached: 09.05.2014
6. Total amount of voting rights: 2.79% (equals 23070449 voting rights) calculated from the following total number of voting rights issued: 826947808
7. Detailed information on the voting rights proportion: Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG: 2.78% (equals 22973278 voting rights) thereof held indirectly: 0.00% (equals 0 voting rights), Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals 0 voting rights) thereof held indirectly: 0.00% (equals 0 voting rights), Voting rights pursuant to sec. 21, 22 WpHG: 0.01% (equals 97171 voting rights).

On May 13, 2014, Commerzbank Aktiengesellschaft, Frankfurt am Main, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Bayer Aktiengesellschaft, Leverkusen, Deutschland, have fallen below the 3% threshold of the Voting Rights on May 07, 2014 and on that day amounted to 0.61% (this corresponds to 5019097 Voting Rights). 0.01% of Voting Rights (this corresponds to 97171 Voting Rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 6 of the WpHG (German Securities Trading Act).

Bayer received the following notification pursuant to sec. 25 WpHG on May 13, 2014:

1. Listed company: Bayer Aktiengesellschaft, Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Deutschland
2. Notifier: Commerzbank Aktiengesellschaft, Frankfurt am Main, Deutschland
3. Triggering event: Falling below threshold
4. Threshold(s) crossed or reached: 5%
5. Date at which the threshold is crossed or reached: 09.05.2014
6. Total amount of voting rights: 0.00% (equals 0 voting rights) calculated from the following total number of voting rights issued: 826947808
7. Detailed information on the voting rights proportion: Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals 0 voting rights) thereof held indirectly: 0.00% (equals 0

voting rights), Voting rights pursuant to sec. 21, 22 WpHG: 0.01% (equals 97171 voting rights).

For more details of the history of notifications, and of notifications by subsidiaries of the major shareholders specified above, where holders exceeded or fell below any of the statutory notification thresholds (3, 5, 10, etc. per cent. of voting rights) refer to <http://www.investor.bayer.com/en/stock/ownership-structure/voting-rights-announcements/>

Based on these notifications and any notifications Bayer AG received pursuant to Section 21 Paragraph 1 of the WpHG through June 2, 2014, as of that date Bayer AG is not aware of any other shareholder owning three per cent. or more of Bayer AG's outstanding shares.

U.S. shareholders can hold Bayer AG's shares either directly or indirectly through Bayer AG's sponsored American Depositary Receipt (ADR) program with The Bank of New York Mellon as depository. Bayer switched from bearer shares to registered shares in September 2009. Based on the share register data and an additional survey using the assistance of shareholder identification service providers as of March 2014 Bayer AG received the following results: Around 94 per cent. of the total shares outstanding were identified. 21.0 per cent. of Bayer's shares outstanding were held by shareholders located in Germany (based on domicile of the shareholder), 29.4 per cent. were held by institutions located in the United States and Canada. The rest of the shares identified in this survey were held by institutions in UK, France and other countries, mainly in Europe.

To Bayer AG's knowledge, Bayer AG is not directly or indirectly owned or controlled by another corporation, by any government, or by any other natural or legal person severally or jointly, and there are no arrangements which may result in a change of control.

Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profit and Losses

The audited consolidated financial statements of the Bayer Group as of and for the fiscal years ended December 31, 2013 and 2012 and the unaudited condensed consolidated interim financial statements of the Bayer Group as of and for the three months ended March 31, 2014 are incorporated by reference into this Prospectus. Selected financial information appears in section "*Selected Financial Information*".

Changes in Group and reporting structure

In August 2012, organizational changes within the MaterialScience segment were implemented. The Vulkollan business with high-performance elastomers is no longer part of the Polyurethanes business unit but is reported under the Coatings, Adhesives, Specialties (CAS) business unit. The prior-year figures are restated accordingly. In September 2012, the BioScience business unit within the CropScience segment was renamed to "Seeds". In addition, the Seed Treatment business unit was renamed to "SeedGrowth". As of the fourth quarter of 2012, the Pharmaceuticals segment of the HealthCare subgroup is no longer divided into General Medicine and Specialty Medicine business units due to organizational changes.

Accounting policies and Notes

For Bayer's accounting policies and notes, please refer to the Notes to the consolidated financial statements incorporated by reference into this Prospectus.

Consolidated Financial Statements - Full year 2013 (audited)

Overview of Sales, Earnings and Financial Position

Group sales advanced by 5.1% on a currency- and portfolio-adjusted basis (reported: +1.0%) to €40,157 million (2012: €39,741 million). Sales at HealthCare climbed by 6.8% (Fx & portfolio adj.). CropScience posted a substantial 9.4% sales gain (Fx & portfolio adj.). Sales at MaterialScience were level with the prior year (Fx & portfolio adj. +0.4%).

EBIT of the Bayer Group rose by 25.6% to €4,934 million (2012: €3,928 million) after net special charges of €839 million (2012: €1,711 million). The special charges mainly included €358 million in

restructuring expenses and €276 million in additional charges related to legal claims. EBIT before special items came in at €5,773 million (2012: €5,639 million). EBITDA before special items increased by 1.5% to €8,401 million (2012: €8,280 million). Earnings growth was attributable to good sales development in the Life Science businesses, while MaterialScience saw earnings decline due to market factors. Negative currency effects diminished Group earnings by about €260 million. In addition, expenses for long-term stock-based compensation increased by €70 million in light of the pleasing market performance of Bayer stock. EBITDA before special items at HealthCare advanced by 4.2% to €5,334 million (2012: €5,119 million) as a result of the positive business development in the Pharmaceuticals segment. EBITDA before special items in CropScience rose by 11.0% to €2,248 million (2012: €2,025 million), largely on account of significant volume increases and higher selling prices. EBITDA before special items of MaterialScience fell by 15.1% to €1,072 million (2012: €1,263 million), mainly because of significantly higher raw material costs.

The cost of goods sold increased by 1.5% to €19,347 million, mainly due to higher volumes and a rise in raw material costs at MaterialScience. The ratio of the cost of goods sold to total sales was 48.2% (2012: 48.0%). The selling expenses of €10,080 million (+1.0%) amounted to 25.1% of sales (2012: 25.1%). Research and development (R&D) expenses rose in 2013 by 5.9% to €3,190 million, the increase being attributable to HealthCare and CropScience. The ratio of R&D expenses to sales was slightly higher at 7.9% (2012: 7.6%). General administration expenses, at €1,883 million, were level with the prior year (+0.9%). The ratio of general administration expenses to total sales thus remained unchanged at 4.7%. The negative balance of other operating income and expenses was reduced considerably to minus €723 million (2012: minus €1,883 million), mainly because special charges for accounting measures related to legal claims were lower in 2013.

The financial result improved by 3.3% to minus €727 million. It included €355 million (2012: €252 million) in net interest expense, €297 million (2012: €389 million) in interest cost for pension and other provisions, a €120 million (2012: €69 million) net exchange loss and a €59 million net gain (2012: €23 million net loss) from investments in affiliated companies. Income from investments in affiliated companies included a €77 million gain from the sale of Bayer's interest in Onyx Pharmaceuticals Inc., United States. The net interest position was particularly affected by interest expense in connection with a court proceeding brought by former Schering stockholders. The decrease in pension-related interest cost resulted partly from the effect of lower interest rates on the interest cost for defined benefit plans, which is reported net of the expected return on plan assets.

Tax expense in 2013 increased to €1,021 million as a result of earnings growth (2012: €723 million). Income after income taxes came in at €3,186 million. Income attributable to non-controlling interest fell by €53 million to minus €3 million. The prior-year figure contained minority stockholders' interest in divestiture gains. Bayer Group net income for 2013 was €3,189 million (2012: €2,403 million).

Cash Flow Statement

Operating cash flow

Gross cash flow climbed by 28.0% year on year in 2013 to €5,832 million, mainly on account of the increase in EBIT. While HealthCare and CropScience recorded a business-related increase in cash tied up in working capital, MaterialScience was able to release cash thanks to successful working capital management. Cash flow was impacted by higher charges related to legal claims. Income tax payments were lower at €1,281 million (2012: €1,667 million). Net cash flow of the Group rose by 14.2% to €5,171 million.

Investing cash flow

Net cash outflow for investing activities in 2013 amounted to €2,581 million. Cash outflows for property, plant and equipment and intangible assets were 11.8% higher at €2,157 million and included €809 million (2012: €720 million) at HealthCare, €538 million (2012: €376 million) at CropScience and €559 million (2012: €621 million) at MaterialScience. The €1,082 million (2012: €466 million) in outflows for acquisitions mainly related to the acquisition of Conceptus, Inc., United States, and Steigerwald Arzneimittelwerk GmbH, Germany. The cash inflows in 2013 comprised €79 million (2012: €178 million) pertaining to divestitures, mainly income from the sale of the global powder polyester resins business and revenue-based payments received in connection with the sale of the hematological oncology portfolio to Genzyme Corp., United States. Interest and dividends totaling €125 million (2012: €104 million) were also received along with income of €301 million (2012: €1,069 million) from noncurrent and current financial assets.

Financing cash flow

Net cash outflow for financing activities in 2013 amounted to €2,535 million, including net loan repayments of €619 million (2012: €1,946 million). The increased use of current financial instruments led to a higher debt turnover ratio.

Net financial debt

Net financial debt of the Bayer Group as of December 31, 2013 was lower than on December 31, 2012, at €6.7 billion. Cash inflows from operating activities were partly offset by outflows for dividends and acquisitions. As of December 31, 2013, the Group had cash and cash equivalents of €1.7 billion (2012: €1.7 billion).

Financial liabilities at the end of the reporting period amounted to €8.5 billion (2012: €9.1 billion), with the subordinated hybrid bond issued in July 2005 reflected at €1.3 billion. Net financial debt should be viewed against the fact that Moody's and Standard & Poor's treat 75% and 50%, respectively, of the hybrid bond as equity. Unlike conventional borrowings, the hybrid bond thus only has a limited effect on the Group's rating-specific debt indicators. Bayer's noncurrent financial liabilities declined in 2013 from €7.0 billion to €5.6 billion, while current financial liabilities rose from €2.6 billion to €3.4 billion.

Asset and Capital Structure

Total assets as of December 31, 2013, were unchanged from the previous year at €51.3 billion. Noncurrent assets were at the prior-year level of €32.3 billion and included goodwill of €9.9 billion (2012: €9.3 billion). The increase in goodwill was mainly the result of acquisitions made in 2013. The decline in other intangible assets and fluctuations in exchange rates had a negative effect. The carrying amount of current assets was also level with the previous year, at €19.0 billion.

Equity was higher by €2.2 billion at €20.8 billion. The factors in this increase included the net income of €3.2 billion and the decline of €1.3 billion – recognized outside profit or loss – in post-employment benefit obligations. The €1.6 billion (2012: €1.4 billion) dividend payment and €0.7 billion (2012: €0 billion) in negative exchange differences had an offsetting effect. Bayer's equity ratio (equity coverage of total assets) as of December 31, 2013 was 40.5% (2012: 36.1%).

Liabilities receded by €2.3 billion compared with December 31, 2012, to €30.5 billion, mainly because of the decline in provisions for pensions and other post-employment benefits.

The net defined benefit liability for pensions and other post-employment benefits decreased from €9.2 billion to €7.3 billion in 2013, mainly in light of higher long-term capital market interest rates.

Consolidated Financial Statements – First quarter of 2014 (unaudited)

Overview of Sales, Earnings and Financial Position

Sales of the Bayer Group advanced by 8.4% after adjusting for currency and portfolio effects (Fx & -portfolio adj.) in the first quarter of 2014 to €10,555 million (reported: +2.8%; Q1 2013: €10,266 million). Sales of HealthCare improved by 8.9% (Fx & portfolio adj.) to €4,572 million (reported: +2.9%; Q1 2013: €4,443 million). CropScience raised sales by 11.8% (Fx & portfolio adj.) against the prior-year quarter to €2,900 million (reported: +4.9%; Q1 2013: €2,764 million). Sales of MaterialScience grew by 4.8% (Fx & portfolio adj.) to €2,803 million (reported: +1.0%; Q1 2013: €2,775 million).

EBIT of the Bayer Group advanced by 18.4% to €2,096 million (Q1 2013: €1,771 million) after net special items of plus €7 million (Q1 2013: minus €45 million). EBIT before special items of the Bayer Group came in at €2,089 million (+15.0%; Q1 2013: €1,816 million). In spite of some €200 million in negative currency effects, EBITDA before special items improved to €2,738 million (+11.6%; Q1 2013: €2,453 million; currency effect approx. -8%). At HealthCare, EBITDA before special items improved by 1.9% to €1,301 million (Q1 2013: €1,277 million; currency effect approx. -11%). This increase was attributable to the very good

business development in Pharmaceuticals. EBITDA before special items of CropScience came in at €1,098 million (+1.6%; Q1 2013: €1,081 million; currency effect approx. -6%). At MaterialScience, EBITDA before special items improved substantially to €366 million against a weak prior-year quarter (+79.4%; Q1 2013: €204 million; currency effect approx. -1%), partly thanks to increased volumes and lower raw material costs.

After a financial result of minus €159 million (Q1 2013: minus €190 million), income before income taxes climbed to €1,937 million (Q1 2013: €1,581 million). The principal components of the financial result were interest cost of €69 million (Q1 2013: €80 million) for pension and other provisions, exchange losses of €54 million (Q1 2013: €39 million) and net interest expense of €29 million (Q1 2013: €63 million), the latter including technical positive effects of €44 million (Q1 2013: €0 million) from the valuation of a subsidiary.

After tax expense of €512 million (Q1 2013: €419 million) and non-controlling interest, net income in the first quarter of 2014 advanced by 22.7% against the prior-year period to €1,423 million (Q1 2013: €1,160 million). Earnings per share rose by 22.9% to €1.72 (Q1 2013: €1.40), and core earnings per share by 14.7% to €1.95 (Q1 2013: €1.70).

Cash Flow Statement

Operating cash flow

Gross cash flow in the first quarter of 2014 climbed by 13.3% against the prior-year period to €2,048 million due to the improvement in EBITDA. The €1,885 million increase in cash tied up in working capital was larger than in the prior-year quarter, partly for business-related reasons and partly because the figure for the prior-year quarter reflected a €200 million cash inflow from the sale of securities held for trading. As a result, net cash flow fell by 50.2% to €163 million. Net cash flow reflected income tax payments of €375 million (Q1 2013: €346 million).

Investing cash flow

Net cash outflow for investing activities in the first quarter of 2014 was €2,180 million. Disbursements for property, plant, equipment and intangible assets declined by 2.2% to €357 million (Q1 2013: €365 million). Of this amount, HealthCare accounted for €101 million (Q1 2013: €158 million), CropScience for €115 million (Q1 2013: €75 million) and MaterialScience for €98 million (Q1 2013: €104 million). The €1,857 million (Q1 2013: €122 million) in outflows for acquisitions mainly related to the purchase of -Algeta ASA, Norway.

Financing cash flow

In the first quarter of 2014, there was a net cash inflow of €3,019 million for financing activities, mainly comprising net borrowings of €3,078 million (Q1 2013: net loan repayments of €109 million). Net interest payments were 9.4% higher at €58 million (Q1 2013: €53 million).

Net financial debt

Net financial debt of the Bayer Group increased by 35%, from €6.7 billion on December 31, 2013, to €9.1 billion as of March 31, 2014, chiefly due to cash outflows for the acquisition of Algeta ASA, Norway.

Financial debt included the subordinated hybrid bond issued in July 2005, which was reflected at €1.3 billion. Net financial debt should be viewed against the fact that Moody's and Standard & Poor's treat 75% and 50%, respectively, of the hybrid bond as equity. The hybrid bond thus has a more -limited effect on the Group's rating-specific debt indicators than conventional borrowings. The other financial liabilities as of March 31, 2014, included commercial paper of €1.8 billion. Our noncurrent -financial liabilities rose in the first quarter of 2014 from €5.6 billion to €8.1 billion, while current -financial liabilities increased from €3.4 billion to €4.1 billion.

On January 21, 2014, Bayer AG issued three tranches of bonds with a combined nominal volume of €2 billion under the multi-currency European Medium Term Notes (EMTN) program. Of the three -tranches, one has a nominal volume of €500 million, a floating-rate coupon of 22 basis points over three-month Euribor and a maturity of two years. The second has a nominal volume of €750 million, a maturity of four years and a fixed-rate coupon of 1.125%. The third has a nominal volume of €750 million, a -maturity of seven years and a fixed-rate coupon of 1.875%. On March 28, 2014, Bayer Nordic SE issued a bond under the EMTN program with a

nominal volume of €500 million, a floating-rate coupon of 22 basis points over three-month Euribor and a maturity of three years.

Asset and Capital Structure

Total assets increased in the first quarter of 2014 by 10.0% to €56.5 billion. Noncurrent assets rose by €2.1 billion to €34.4 billion, largely due to the acquisition of Algeta ASA, Norway. Current assets grew by €3.1 billion to €22.1 billion, mainly because of the seasonal increase in trade accounts receivable. Cash and cash equivalents also increased.

Equity rose by €0.3 billion to €21.1 billion, the €1.4 billion income after income taxes being partially -offset by the €0.9 billion increase – recognized outside profit or loss – in post-employment benefit -obligations and €0.2 billion in negative exchange differences. The equity ratio (equity coverage of total assets) as of March 31, 2014, was 37.4% (December 31, 2013: 40.5%).

Liabilities rose by €4.9 billion compared with December 31, 2013, to €35.4 billion. This primarily -resulted from the €3.2 billion increase in financial liabilities – mainly due to the issuance of bonds – and the €1.3 billion increase in provisions for pensions and other post-employment benefits.

The net defined benefit liability for post-employment benefits rose in the first quarter of 2014 from €7.3 billion to €8.6 billion due to a decline in long-term capital market interest rates.

Legal and arbitration proceedings

As a global company with a diverse business portfolio, the Bayer Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, patent disputes, tax assessments and environmental matters. The outcome of any current or future proceedings cannot be predicted. It is therefore possible that legal or regulatory judgments or future settlements could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect Bayer's revenues and earnings.

Legal proceedings currently considered to involve material risks are outlined below. The legal proceedings referred to do not represent an exhaustive list.

HealthCare:

PRODUCT-RELATED LITIGATION

Yasmin™ / YAZ™: As of June 10, 2014, the number of claimants in the pending lawsuits and claims in the United States totaled about 5,100 (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 June 10, 2014, 13 class actions had been served upon Bayer in Canada and one in Israel.

As of June 10, 2014, Bayer had reached agreements, without admission of liability, to settle the claims of approximately 8,800 claimants in the U.S. for a total amount of about US\$1.78 billion. Bayer has only been settling claims in the U.S. for venous clot injuries (deep vein thrombosis or pulmonary embolism) after a case-specific analysis of medical records on a rolling basis. Such injuries are alleged by about 2,400 of the pending

unsettled claimants. Bayer will continue to consider the option of settling such individual lawsuits in the U.S. on a case-by-case basis.

In March 2013, Bayer agreed to settle, without admission of liability, lawsuits in which plaintiffs allege a gallbladder injury for a total maximum aggregate amount of US\$24 million. As of June 10, 2014, about 8,800 plaintiffs had decided to participate in the settlement, which represents more than 95% (90% participation required) of the eligible plaintiffs, so the settlement will go forward.

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 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. Bayer has revised the accounting measures taken for the entire Yasmin™ / YAZ™ complex for the annual financial statements to reflect anticipated future cases and legal and defense costs.

Mirena™: As of June 10, 2014, lawsuits from approximately 2,070 users of Mirena™, an 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, and idiopathic intracranial hypertension, as well as 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 June 10, 2014, 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 for anticipated defense costs.

In connection with the above proceedings concerning Yasmin™ / YAZ™ and Mirena™, 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. In March 2014, one of the insurers involved contested its coverage. Bayer has agreed in principle to settle the matter on terms that will not have a material impact on Bayer's financial position. Appropriate accounting measures are reflected in the consolidated interim financial statements for the first quarter of 2014.

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.

Betaferon™ / Betaseron™: In 2010, Bayer filed a complaint against Biogen Idec MA Inc. in U.S. federal court seeking a declaration by the court that a patent issued to Biogen in 2009 is invalid and not infringed by Bayer's production and distribution of Betaseron™, Bayer's drug product for the treatment of multiple sclerosis. Biogen is alleging patent infringement by Bayer through Bayer's production and distribution of Betaseron™ and Extavia™ and has sued Bayer accordingly. Betaseron™ is manufactured and distributed in the United States by Bayer. Extavia™ is also a drug product for the treatment of multiple sclerosis; it is manufactured by Bayer, but distributed in the United States by Novartis Pharmaceuticals Corporation, another defendant in the lawsuit.

Finacea™: In March 2013, Bayer filed a patent infringement suit in a U.S. federal court against Glenmark Generics Ltd. In January 2013, 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.

BAY 94-9027 (rFVIII mutein): In 2013, Bayer filed a lawsuit against Nektar Therapeutics in the district court of Munich, Germany. In this proceeding, Bayer claims rights to certain European patent applications based on a past collaboration between Bayer and Nektar in the field of hemophilia. The European patent applications with the title "Polymer-factor VIII moiety conjugates" are part of a patent family registered in

the name of Nektar comprising further patent applications and patents in other countries including the United States. However, Bayer believes that the patent family does not include any valid patent claim relevant for Bayer's drug candidate BAY 94-9027 for the treatment of hemophilia A.

Staxyn™: In April 2012, Bayer filed a patent infringement suit in a U.S. federal court against Watson Laboratories, Inc., and in May 2013 a similar suit against Par Pharmaceutical, Inc. and Par Pharmaceutical Companies, Inc. 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. In April 2013, Bayer had received a similar notice from Par Pharmaceutical. 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

Trasylol™ / Avelox™: A qui tam complaint relating to marketing practices for Trasylol™ (aprotinin) and Avelox™ (moxifloxacin) filed by a former Bayer employee is pending in the United States District Court in New Jersey. The U.S. government has declined to intervene at the present time.

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 April 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.

Newark Bay Environmental Matters: In the United States, Bayer is one of numerous parties involved in a series of claims brought by federal and state environmental protection agencies. The claims arise from operations by entities which historically were conducted near Newark Bay or surrounding bodies of water, or which allegedly discharged hazardous waste into these waterways or onto nearby land. Bayer and the other potentially responsible parties are being asked to remediate and contribute to the payment of past and future remediation or restoration costs and damages.

In the Lower Passaic River matter, a group of more than sixty companies including Bayer is investigating contaminated sediments in the riverbed under the supervision of the United States Environmental Protection Agency (EPA) and other governmental authorities. Future remediation will involve some form of dredging, the nature and scope of which are not yet defined, and potentially other tasks. The cost of the investigation and the remediation work may be substantial if the final remedy involves extensive dredging and disposal of impacted sediments. In the Newark Bay matter, an unaffiliated party is currently conducting an investigation of sediments in Newark Bay under EPA supervision. The investigation is in a preliminary stage. Bayer has contributed to certain investigation costs in the past and may incur costs for future investigation and remediation activities in Newark Bay.

Bayer has also been notified by governmental authorities acting as natural resource trustees that it may have liability for natural resource damages arising from the contamination of the Lower Passaic River, Newark Bay and surrounding water bodies. Bayer is currently unable to determine the extent of its liability.

CropScience:

Proceedings involving genetically modified rice: Several thousand plaintiffs have sued a number of Bayer Group companies before U.S. federal and state courts in connection with genetically modified rice. Plaintiffs have alleged that they suffered economic losses after traces of genetically modified rice were identified in samples of conventional long-grain rice grown in the U.S. Without acknowledging liability, Bayer has reached

settlement agreements with a majority of the plaintiffs, including U.S. long-grain rice growers and non-grower entities, such as rice importers and exporters, rice mills or rice dryers and rice seed sellers, for a total amount of approximately US\$1.026 billion. Bayer is aware of 18 unsettled claims in the U.S. Bayer intends to continue to defend itself vigorously in all cases in which reasonable resolutions are not possible.

One of the remaining cases was brought by BASF to recover damages allegedly resulting from the contamination of its Clearfield 131 rice variety. In that case, Bayer also filed a claim against BASF alleging that BASF was negligent in its handling of Clearfield 131 and that its negligence contributed to the damages allegedly suffered by rice growers, rice mills and others in this litigation. Bayer seeks reimbursement from BASF for a portion of the amount that Bayer has paid in settlements. Bayer's claim against BASF was dismissed by the trial court of first instance in a decision that is currently on appeal.

Bayer has established appropriate provisions for the settlement program as well as for legal and defense costs.

Asbestos: A further risk may arise from asbestos litigation in the United States. In many cases, the plaintiffs allege that Bayer and co-defendants employed third parties on their sites in past decades without providing them with sufficient warnings or protection against the known dangers of asbestos. Additionally, a Bayer affiliate in the United States is the legal successor to companies that sold asbestos products until 1976. Union Carbide has agreed to indemnify Bayer for this liability. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

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 December 2013, the European Commission launched a formal investigation to determine whether this partial exemption violates European Union rules on state aid (government aid). Should this investigation result in the exemption provisions of EEG 2012 being declared invalid retroactively, Bayer could face claims of up to approximately €172 million for the year 2013. In 2014, Bayer has continued to benefit from its partial exemption from the EEG surcharge. The amount of any claims that Bayer might face should the exemption provisions be declared invalid retroactively therefore continues to increase during the course of 2014. Bayer believes there are good arguments to support the position that the partial exemption from the EEG surcharge is admissible under E.U. law and intends to defend itself vigorously against any potential claims for further payments.

TAX PROCEEDINGS

Stamp taxes in Greece: In February 2014, a Greek administrative court of first instance dismissed Bayer's appeal against the assessment of stamp taxes and contingent penalties in the total amount of approximately €23 million on certain intra-Group loans to a Greek subsidiary. Bayer is convinced that the decision is wrong and will appeal. In a second court proceeding of first instance before the same court, Bayer has appealed against the assessment of stamp taxes and contingent penalties in a total amount of approximately €90 million. Bayer believes it has meritorious arguments to support its legal position and intends to defend itself vigorously.

Significant Change in the Issuer's financial or trading position

Other than the planned acquisition of the consumer care business of U.S. pharmaceutical company Merck & Co., Inc., Whitehouse Station, NJ, USA, for a purchase price of USD 14.2 billion (EUR 10.4 billion), which is expected to close in the second half of 2014, there has been no significant change in the financial or trading position of the Bayer Group since the publication of the unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2014.

Additional Information

Capital Stock

Capital

As of March 31, 2014, the issued and fully paid-up capital stock of Bayer AG amounted to €2,116,986,388.48, divided into 826,947,808 no-par registered ordinary shares of a single class.

The shares are admitted to trading with official quotation on all German stock exchanges. The shares are also quoted on the stock exchanges at Barcelona and Madrid.

Authorised Capital

The Board of Management is authorized, with the consent of the Supervisory Board, to increase the capital stock by up to a total of EUR 530,000,000.00 by issuing no-par value registered shares on one or more occasions in the period up to April 28, 2019. New no-par value registered shares can be issued against cash or noncash contributions, whereby capital increases against noncash contributions may only be made up to a total of EUR 423,397,120.00 (Authorized Capital I). Stockholders must generally be granted subscription rights. Subscription rights can also be granted to stockholders indirectly in accordance with section 186(5) of the German Stock Corporation Act (Aktiengesetz ("AktG")). However, the Board of Management is authorized, with the consent of the Supervisory Board, to disapply stockholders' subscription rights in designated cases only.

The Board of Management is authorized, with the consent of the Supervisory Board, to increase the capital stock against cash contributions by up to a total of EUR 211,698,560.00 by issuing no-par value registered shares on one or more occasions in the period up to April 28, 2019 (Authorized Capital II). Stockholders must be granted subscription rights. Subscription rights can also be granted to stockholders indirectly in accordance with section 186(5) of the German Stock Corporation Act (Aktiengesetz ("AktG")). However, the Board of Management is authorized, with the consent of the Supervisory Board, to disapply stockholders' subscription rights if the capital increase does not exceed 10% of the existing capital stock on the date of entry in the commercial register of the authorization or, in the event that this amount is lower, 10% of the existing capital stock on the date of issue of the new shares, and the issue price of the new shares issued against cash consideration is not materially lower than the market price of the company's existing listed shares of the same class at the time when the issue price is finalized by the Board of Management within the meaning of section 203(1) and (2) in conjunction with section 186(3) sentence 4 of the German Stock Corporation Act (Aktiengesetz ("AktG")).

For further details concerning Authorized Capital I and II, please refer to paragraph 4 (2) and (3) of Bayer AG's Articles of Incorporation.

Conditional Capital

The capital stock is conditionally increased by an additional amount of up to EUR 211,698,560.00, composed of up to 82,694,750 no-par value shares (Conditional Capital 2014). The conditional capital increase will only be implemented to the extent that the holders of options or conversion rights, or those persons obliged to exercise options or perform conversions under bonds with warrants or convertible bonds, profit participation certificates, or income bonds (or combinations of these instruments), which will be issued or guaranteed 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 (Aktiengesetz ("AktG")) in which Bayer AG has a direct or indirect interest in a minimum of 90% of the votes and capital, exercise their options or conversion rights, or, to the extent that they are obliged to exercise the option or conversion, fulfill their obligation to exercise the option or perform the conversion and to the extent that no other forms of settlement are employed. The new shares will be issued at the option premium or conversion price to be determined in accordance with the authorizing resolution referred to above.

For further details concerning Conditional Capital, please refer to paragraph 4 (4) of Bayer AG's Articles of Incorporation.

Memorandum and Articles of Incorporation

Bayer AG is registered in the commercial register of the local court of Cologne under the number HRB 48248.

According to its Articles of Incorporation (paragraph 2), the object of Bayer AG is manufacturing, marketing and other industrial activities or the provision of services in the fields of health care, agriculture, polymers and chemicals, as well as the transaction of all other business which is related to, or directly or indirectly serves, the object of Bayer AG.

Bayer AG's fiscal year is the calendar year.

Material Contracts

Bayer has an undrawn € 3.5 billion syndicated credit facility which is available until 2018, plus two one-year extension options for Bayer. The participating banks are entitled to terminate the credit facility in the event of a change of control at Bayer and demand repayment of any loans that may have been granted under this facility up to that time.

In addition, the terms of €4.9 billion in notes issued by Bayer in the years 2006 to 2014 under its debt issuance programme also contain a change-of-control clause. Holders of these notes have the right to demand the redemption of their notes by Bayer in the event of a change of control if Bayer AG's credit rating is downgraded within 120 days after such change of control becomes effective.

Agreements exist for the members of the Board of Management in compliance with Section 4.2.3 of the German Corporate Governance Code to cover the eventuality of a takeover offer being made for Bayer AG. Under these agreements, payments promised in the event of early termination of the service contract of a Board of Management member due to a change of control are limited to the value of three years' compensation and may not compensate more than the remaining term of the contract.

To finance the acquisition of the consumer care business of U.S. pharmaceutical company Merck & Co., Inc., Whitehouse Station, NJ, USA, Bayer entered a USD 14.2 billion bridge facility agreement with Bank of America Merrill Lynch, BNP Paribas and Mizuho, which has been syndicated to a larger group of relationship banks. The facility is currently undrawn. It contains a change-of-control clause. The proceeds from the subsequent capital market take-out (a combination of senior and hybrid capital instruments) will be used to reduce the amount of the facility.

Rating

The following ratings have been assigned to Bayer:

	<u>Long-term rating</u>	<u>Outlook</u>	<u>Short-term rating</u>
Standard & Poor's	A-	stable	A-2
Moody's	A3	stable	P-2

A A- rating assigned by Standard & Poor's means that the Issuer has a strong capacity to meet financial commitments, but is somewhat susceptible to adverse economic conditions and changes in circumstances. Ratings of Standard & Poor's from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Obligations rated A by Moody's are considered upper-medium grade and are subject to low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

The following ratings are expected to be assigned to the Notes:

Standard & Poor's	BBB
Moody's	Baa2

A BBB rating assigned by Standard & Poor's means company has adequate capacity to meet financial commitments, but is subject to adverse economic conditions. Ratings of Standard & Poor's from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Obligations rated Baa2 by Moody's are considered subject to moderate credit risk and are considered medium grade and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Each of Standard & Poor's and Moody's is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of May 11, 2011 (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/Listregistered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

TAXATION

The following is a general discussion of certain German and Luxembourg income tax consequences of the acquisition and ownership of the Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany and Luxembourg currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive effect.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws in Germany and Luxembourg and any country of which they are residents.

1. Germany

Tax Residents

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to income taxation (income tax or corporate income tax, as the case may be, plus solidarity surcharge thereon plus church tax and/or trade tax, if applicable) on their worldwide income, regardless of its source, including interest from debt of any kind (such as the Notes) and, in general, capital gains.

Taxation if the Notes are held as private assets (*Privatvermögen*)

In the case of German tax-resident individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as private assets (*Privatvermögen*), the following applies:

- Income

The Notes should qualify as other capital receivables (*sonstige Kapitalforderungen*) in terms of section 20 para 1 no 7 German Income Tax Act ("**ITA**" – *Einkommensteuergesetz*).

Accordingly, payments of interest on the Notes should qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 ITA.

Capital gains / capital losses realised upon sale of the Notes, computed as the difference between the acquisition costs and the sales proceeds reduced by expenses directly and factually related to the sale, should qualify as positive or negative savings income in terms of section 20 para 2 sentence 1 no 7 ITA. Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Notes can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward in subsequent assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance dated 22 December 2009, as amended on 16 November 2010 and 9 October 2012, a sale shall be disregarded where the transaction costs exceed the sales proceeds, which means that losses suffered from such "sale" shall not be tax-deductible. Similarly, a bad debt loss (*Forderungsausfall*), i.e. should the Issuer become insolvent, and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible.

If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the new debtor. Such a substitution could result in the recognition of a taxable gain or loss for the respective investors.

- German withholding tax (*Kapitalertragsteuer*)

With regard to savings earnings (*Kapitalerträge*), e.g. interest or capital gains, German withholding tax (*Kapitalertragsteuer*) will be levied if the Notes are held in a custodial account which the investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**") and such German Disbursing Agent credits or pays out the earnings.

The tax base is, in principle, equal to the taxable gross income as set out above (i.e. prior to withholding). However, in the case of capital gains, if the custodial account has changed since the time of acquisition of the Notes and the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law (e.g. if the Notes are transferred from a non-EU custodial account), withholding tax is applied to 30 per cent. of the proceeds from the redemption or sale of the Notes. When computing the tax base for withholding tax purposes, the German Disbursing Agent has to deduct any negative savings income (*negative Kapitalerträge*) or paid accrued interest (*Stückzinsen*) in the same calendar year or unused negative savings income of previous calendar years.

German withholding tax will be levied at a flat withholding tax rate of 26.375 per cent. (including solidarity surcharge) plus, if applicable, church tax.

Individuals who are subject to church tax may apply in writing for this tax to be withheld as a surcharge to the withholding tax. Individuals subject to church tax but declining the application have to include their savings income in their tax return and will then be assessed to church tax. For German credit institutions an electronic information system as regards church withholding tax shall apply in respect of interest received after 31 December 2014, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

No German withholding tax will be levied if the investor has filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is €801 (€1,602 in the case of jointly assessed husband and wife). Similarly, no withholding tax will be levied if the relevant investor has submitted a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office to the German Disbursing Agent.

The Issuer is, as a rule, not obliged to levy German withholding tax in respect of payments on the Notes.

- Tax assessment

The taxation of savings income shall take place mainly by way of levying withholding tax (please see above). If and to the extent German withholding tax has been levied, such withholding tax shall, in principle, become definitive and replace the investor's income taxation. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the assessment procedure. If the investor is subject to church tax and has not applied in writing for this tax to be withheld as a surcharge to the withholding tax or, after 31 December 2014, has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), the investor is also obliged to include the savings income in the tax return for church tax purposes.

However, also in the assessment procedure, savings income is principally taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*) being identical to the withholding tax rate (26.375 per cent. - including solidarity surcharge (*Solidaritätszuschlag*) plus, if applicable, church tax). In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate. Such application can only be filed consistently for all savings income within the assessment period. In case of jointly assessed husband and wife the application can only be filed for savings income of both spouses.

When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of €801 (€1,602 in the case of jointly assessed husband and wife) will be deducted. The deduction of the actual income related expenses, if any, is excluded.

Taxation if the Notes are held as business assets (*Betriebsvermögen*)

In the case of German tax-resident corporations or individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as business assets (*Betriebsvermögen*), interest payments and capital gains will be subject to corporate income tax at a rate of 15 per cent. or income tax at a rate of up to 45 per cent., as the case may be, (in each case plus 5.5 per cent. solidarity surcharge thereon). In addition, trade tax may be levied, the rate of which depends on the municipality where the business is located. Further, in the case of individuals, church tax may be levied. Business expenses that are connected with the Notes are deductible.

The provisions regarding German withholding tax (*Kapitalertragsteuer*) apply, in principle, as set out above for private investors. However, investors holding the Notes as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. Instead, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if, for example, (a) the Notes are held by a corporation or (b) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

Non-residents

Persons who are not tax resident in Germany should not be subject to tax with regard to income from the Notes unless (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income. If a non-resident person is subject to tax with its income from the Notes, in principle, similar rules apply as set out above with regard to German tax resident persons (please see above).

If the income is subject to German tax as set out in the preceding paragraph, German withholding tax should be applied like in the case of a German tax resident person.

Taxation if the Notes qualify as equity or equity-like

If the Notes qualify as equity or equity-like from a German tax perspective, the tax treatment for German resident investors holding the Notes as private assets should be the same as described above. For German resident investors holding the Notes as business assets, capital gains and interest income might be partly tax-exempt according to section 8b German Corporate Income Tax Act (*Körperschaftsteuergesetz*) and section 3 no 40 ITA, respectively; capital losses might be non-deductible.

Non-German resident investors might become subject to tax with regard to interest income from the Notes and German withholding tax might be levied irrespective of whether or not the interest is paid out by a German Disbursing Agent.

Inheritance and Gift Tax

Inheritance or gift taxes with respect to any Note will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany or if such Note is attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed.

The few existing double taxation treaties regarding inheritance and gift tax may lead to different results. Special rules apply to certain German citizens that are living in a foreign country and German expatriates.

Other Taxes

No stamp, issue, registration or similar taxes or duties are payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in

Germany. It is intended to introduce a financial transaction tax. However, it is unclear if and in what form such tax will be actually introduced.

2. Luxembourg

In this section, "interest", "residual entities" and "paying agent" have the meaning given thereto in the Luxembourg laws of June 21, 2005 (or the relevant Agreements). "Interest" includes accrued or capitalised interest at the sale, repayment or redemption of the Notes. "Residual entities" includes, in general, all entities established in the EU and certain dependent or associated territories other than legal entities, undertakings for collective investments in transferable securities ("UCITS") authorized under the directive 85/611/CEE (replaced by Directive 2009/65/CE), and entities taxed as enterprises. "Paying agent" is defined broadly for this purpose and in the context of the Notes means any economic operator established in Luxembourg who pays interest on the Notes to, or ascribes the payment of such interest to, or for the immediate benefit of the beneficial owner, whether the operator is, or acts on behalf of, the Issuer or is instructed by the beneficial owner to collect such payment of interest.

This taxation overview solely addresses withholding tax consequences of the acquisition, ownership and disposal of Notes issued by Bayer AG on or after the date of this Prospectus under Luxembourg Tax Law. It does not describe any other Luxembourg tax consequences. It does therefore not consider every aspect of taxation that may be relevant to a particular holder of Notes

Prospective Holders of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes on the basis of this Prospectus, including the effect of any state or local taxes, under the tax laws of Luxembourg and each country of which they are residents.

Withholding tax

All payments of interest and principal by the Issuer under the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

- (i) the application of the Luxembourg laws of 21 June 2005, as amended, implementing the European Union Savings Directive (see, paragraph "EU Savings Tax Directive" below, which may be applicable in the event of the Issuer appointing a payment agent in Luxembourg within the meaning of the above mentioned directive) and ratifying several agreements concluded with certain dependent or associated territories and providing for the possible application of a 35 per cent. withholding tax on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities" within the meaning of article 4.2 of the European Union Savings Directive). On 18 March 2014, the Luxembourg government has submitted to the Luxembourg Parliament the draft Bill N° 6668 on taxation of savings income putting an end to the current withholding tax regime as from 1 January 2015 and implementing the automatic exchange of information as from that date. This draft Bill is in line with the announcement of the Luxembourg government dated 10 April 2013;
- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005, as amended, which has introduced a 10 per cent. withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the European Union Savings Directive).

Pursuant to the law of 23 December 2005, as amended, Luxembourg resident individuals can opt to self declare and pay a 10 per cent. levy on interest payments made by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area (other than a Member State of the European Union) or in a State or territory which has concluded an agreement directly relating to the European Union Savings Directive on the taxation of savings income.

The 10 per cent. withholding tax as described above or the 10 per cent. levy are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above mentioned Luxembourg laws of 21 June 2005 and 23 December 2005, as amended, is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

3. EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg apply a withholding system in relation to such payments, deducting tax at a rate of meanwhile 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. On 18 March 2014, the Luxembourg government has submitted to the Luxembourg Parliament the draft Bill N° 6668 on taxation of savings income putting an end to the current withholding tax regime as from 1 January 2015 and implementing the automatic exchange of information as from that date. This draft Bill is in line with the announcement of the Luxembourg government dated 10 April 2013.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

4. The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may, therefore, be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

5. U.S. Withholding Tax Under FATCA

In certain circumstances, payments made on or with respect to the Notes after 31 December 2016 may be subject to U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"). This withholding does not apply to payments on Notes that are issued prior to the six month anniversary of the date on which the final regulations that define "foreign passthru payments" are published, unless the Notes are "materially modified" after that date or are characterized as equity for U.S. federal income tax purposes.

The Issuer may enter into an agreement with the U.S. Internal Revenue Service ("**IRS**") or otherwise be required to provide certain information about investors. Under such an agreement, withholding may be triggered if: (a) an investor does not provide information sufficient for the relevant party to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer, (b) an investor does not consent, where necessary, to have its information disclosed to the IRS or (c) any investor or person through which payment on the Notes is made is not able to receive payments free of withholding under FATCA.

The United States has entered into intergovernmental agreements to implement FATCA with Germany, the Netherlands, Japan and Finland (the "**IGAs**"). Under the current provisions of the IGAs, a foreign financial institution that is treated as resident in one of these jurisdictions and that complies with the requirements of the relevant IGA, will not be subject to FATCA withholding on payments it receives and will not be required to withhold on payments of non-U.S. source income. The United States is in the process of negotiating intergovernmental agreements to implement FATCA with a number of other jurisdictions. Different rules than those described above may apply if a payee is resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA.

Whilst the Notes are in global form and held within Clearstream Banking AG, Frankfurt am Main ("**CBF**"), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent or CBF given that each of the entities in the payment chain beginning with the Issuer and ending with CBF is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. Should the Notes go into definitive form and taken out of the CBF for whatever reason, a non-FATCA compliant holder could be subject to withholding. However, Definitive Notes would only be printed in very remote circumstances.

Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once payment has been made to the depositary, common depositary or common safekeeper for the clearing system (as holder of the Notes) and the Issuer will have no responsibility for any amount thereafter transmitted through hands of the clearing system and custodians or intermediaries.

OFFER AND SUBSCRIPTION OF THE NOTES

Subscription by the Managers

The Managers will enter into a subscription agreement on or about the date of this Prospectus (the "**Subscription Agreement**") in which they will subscribe the EUR 1,750,000,000 NC6 Notes and the EUR 1,500,000,000 NC10 Notes. The Subscription Agreement is subject to customary closing conditions and hence, the Managers will be, under certain circumstances, entitled to terminate the Subscription Agreement. In such event, no Notes will be delivered to investors. Furthermore, the Issuer will agree in the Subscription Agreement to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Managers or their affiliates have received or will receive customary fees and commissions. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. There are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones that are material to the issue.

Offer, Delivery of the Notes to investors

The Notes were offered to qualified investors only in compliance with applicable offer restrictions.

Delivery and payment of the Notes will be made on the Issue Date, which is expected to be July 1, 2014. The Notes so purchased will be delivered via book-entry through the Clearing System and their depository banks against payment of the issue price therefor.

Costs and expenses relating to the offer

The Issuer will not charge any costs, expenses or taxes directly to any investor in connection with the Notes. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.

SELLING RESTRICTIONS

General

Each Manager has acknowledged that, other than with respect to the listing of the Notes on the relevant stock exchange, no action has been or will be taken in any country or jurisdiction by the Issuer or the Managers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Each Manager will (to the best of its knowledge) comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or has in its possession or distributes such offering material, in all cases at its own expense.

United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Each of the Managers has agreed that it will not offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("**Regulation S**") or pursuant to an exemption from the registration requirements of the Securities Act.

Each of the Managers has represented that it has offered and sold the Notes, and has agreed that it will offer and sell the Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, only in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each of the Managers has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in this paragraph have the meanings given to them by Regulation S.

Each Manager has represented that it has not entered and has agreed that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Notes, except with its affiliates or with the prior written consent of the Issuer.

European Economic Area

In relation to each Member State of the European Economic Area (the EU plus Iceland, Norway and Liechtenstein) which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes the relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Listing and admission to trading

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market. The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC.

Authorisation and Issue Date

The creation and issue of the Notes has been authorised by a resolution of the Board of Management of the Issuer dated 16 June 2014 and of the Supervisory Board of the Issuer dated 20 June 2014. The Issue Date of the Notes is expected to be July 1, 2014.

Documents on Display

As long as the Notes are outstanding, copies and, where appropriate, English translations of the following documents may be inspected (and in the case of (b) and (c) will be available free of charge and can be found on the website of the Luxembourg Stock Exchange) during normal business hours at the specified office of the Principal Paying Agent, namely:

- (a) the constitutional documents of the Issuer;
- (b) the Prospectus;
- (c) any document incorporated by reference into the Prospectus.

Clearing and Settlement

The Notes have been accepted for clearing by Clearstream Banking AG, Frankfurt. The NC6 Notes have been assigned the following securities codes: ISIN DE000A11QR65, Common Code 108313994, WKN A11QR6 and the NC10 Notes have been assigned the following securities codes: ISIN DE000A11QR73, Common Code 108314168, WKN A11QR7.

Yield

The yield of the NC6 Notes is 3.00 per cent. *per annum* until the NC6 First Call Date. The yield of the NC10 Notes is 3.75 per cent. *per annum* until the NC10 First Call Date. Such yields are calculated in accordance with the ICMA (International Capital Markets Association) method. The ICMA method determines the effective interest rate of fixed rate instruments taking into account accrued interest on a daily basis.

INCORPORATION BY REFERENCE

Interim Financial Information

The Issuer publishes interim financial statements on a semi-annual basis.

Incorporation by Reference

The following information is incorporated by reference into this Prospectus:

1. the audited consolidated financial statements of the Bayer Group as of and for the fiscal year ended December 31, 2012 consisting of
 - Consolidated Income Statements (page 166 of the Annual Report 2012),
 - Consolidated Statements of Comprehensive Income (page 167 of the Annual Report 2012),
 - Consolidated Statements of Financial Position (page 168 of the Annual Report 2012),
 - Consolidated Statements of Cash Flows (page 169 of the Annual Report 2012),
 - Consolidated Statements of Changes in Equity (page 170-171 of the Annual Report 2012),
 - Notes to the consolidated financial statements (pages 172 to 281 of the Annual Report 2012),
 - the Responsibility Statement (page 282 of the Annual Report 2012),
 - the Independent Auditor's Report (page 283-284 of the Annual Report 2012),
2. the audited consolidated financial statements (Augmented Version) of the Bayer Group as of and for the fiscal year ended December 31, 2013 consisting of
 - Consolidated Income Statements (page 228 of the Annual Report 2013),
 - Consolidated Statements of Comprehensive Income (page 229 of the Annual Report 2013),
 - Consolidated Statements of Financial Position (page 230 of the Annual Report 2013),
 - Consolidated Statements of Cash Flows (page 231 of the Annual Report 2013),
 - Consolidated Statements of Changes in Equity (page 232-233 of the Annual Report 2013),
 - Notes to the consolidated financial statements (pages 234 to 329 of the Annual Report 2013),
 - the Responsibility Statement (page 330 of the Annual Report 2013),
 - the Independent Auditor's Report (page 331-332 of the Annual Report 2013),
3. the unaudited condensed consolidated interim financial statements of the Bayer Group as of and for the three months ended March 31, 2014 consisting of
 - Consolidated Income Statements (page 37 of the Financial Report as of March 31, 2014),
 - Consolidated Statements of Comprehensive Income (page 38 of the Financial Report as of March 31, 2014),
 - Consolidated Statements of Financial Position (page 39 of the Financial Report as of March 31, 2014),
 - Consolidated Statements of Cash Flows (page 40 of the Financial Report as of March 31, 2014),
 - Consolidated Statements of Changes in Equity (page 41 of the Financial Report as of March 31, 2014), and
 - Notes to the condensed consolidated interim financial statements (pages 42-51 of the Financial Report as of March 31, 2014).

Any information not incorporated by reference into this Prospectus but contained in one of the documents mentioned as source documents in the cross reference list above is either not relevant for the investor or covered in another part of this Prospectus.

The source documents from which the information mentioned above has been incorporated by reference into this Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

ISSUER

Bayer Aktiengesellschaft
51368 Leverkusen
Germany

PRINCIPAL PAYING AGENT

Citibank, N.A.
Citigroup Centre
Canary Wharf
London E14 5LB
United Kingdom

GERMAN ISSUING AGENT

Citigroup Global Markets Deutschland AG
Reuterweg 16
60323 Frankfurt am Main
Germany

LEGAL ADVISERS

To the Issuer

Linklaters LLP
Mainzer Landstrasse 16
60325 Frankfurt am Main
Germany

To the Managers

Clifford Chance Partnerschaftsgesellschaft
Mainzer Landstraße 46
60325 Frankfurt am Main
Germany

AUDITORS

**PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft**
Friedrich-List-Str. 20
45128 Essen
Germany