

Spin-Off Announcement

Bayer AG to Demerge its MaterialScience Division

Bayer AG Group PLC

Parent: Bayer AG Group

(XETRA: BAYN GR €10.71)

(OTC US: BAYRY-ADR \$140.11)

Sector: Health Care

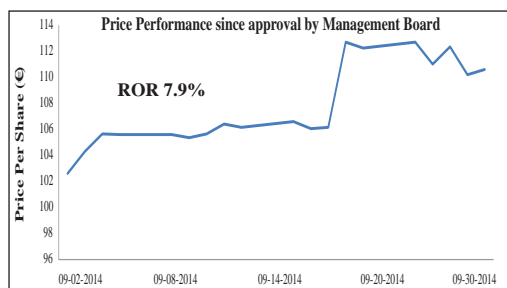
Spin-Off: Bayer MaterialScience NewCo.**

Sector: Polymer

*As of September 30, 2014

**Assumed for the purpose of this report.

Price Performance



Source: Bloomberg

Spin-Off Details

Announced	September 18, 2014
Filing Date	TBA
Record Date	TBA
WI/RW Trading	TBA
Spin-Off Ratio	TBA
Expected Completion	Mid.2016
Tax Status	To be assessed
Index Impact	To be assessed

Top 5 Shareholders-BAYN GR Holding %

Capital Research Global Investors	6.48%
BlackRock Asset Management	4.99%
Deutschland AG	
SEB	4.99%
CREDIT SUISSE AG	3.81%
UBS AG	3.30%

Deal Overview

On September 18, 2014, Bayer AG (XETRA: BAYN GR: €10.71, Market Capitalization: €2 billion) announced plans to demerge its MaterialScience business into a new publicly listed entity. This decision was ratified with a unanimous vote by the Supervisory Board; which was initially approved by the Management Board on September 2. Post demerger, Bayer will continue to be a global leader in life sciences, while MaterialSciences NewCo. will be positioned as a pure-play polymers company.

The demerger is expected to be completed in the next 12-18 months. The exit route will depend on future market environment with IPO being the preferred option vs. spin-off. The details of the spin-off such as the spin-off ratio, record date and distribution date are yet to be announced. Similarly specific details are awaited on debt or pension liabilities, corporate cost allocation, dividend policy and tax rates.

In line with company's strategy to focus on its healthcare business, Bayer acquired Merck's over-the-counter (OTC) business for a price of \$14.2 billion in May 2014. This catapulted Bayer as the OTC leader in North America and Latin America and enabled the company to achieve top global position in key OTC product categories. Bayer began moving out of chemicals with a spin-off of its specialty chemicals company, now known as Lanxess AG, about a decade ago. It then sold its H.C. Starck GmbH electronics chemicals business to private equity firms in 2006.

Investors' favorable reaction to Bayer's spin-off plans is evident from 7.9% increase in the company's stock price, since the Management Board's decision on September 2, 2014.

Valuation and Recommendation

We are yet to initiate valuation on this transaction. As a result, we currently do not have an investment rating or a price target on Bayer AG.

Deal Timeline

Announcement	September 18, 2014
Form 10-12B Filing	TBA
Spin-Off Date	TBA
Spin Ratio	TBA
Tax Status	TBA
Expected Completion	Mid.2016

Source: Company Reports

Key Data

Bloomberg Ticker	BAYN GR
Primary Exchange	XETRA
Price (€ as of Sept. 30, 2014)	110.71
52 Week Range (€)	83.72 - 114.2
Shares Outstanding (million)	826.95
Market Cap (€ billion)	91.55
Net cash (€ billion)	1.66
Enterprise Value (€ billion)	101.59
Market Float	100%
FY14 Estimated P/E (x)*	18.47
Dividend (€) / Div. Yield (%)	2.10/1.9
Fiscal Year Ending	Dec 31
FY13 Revenue (€ million)	40,157
Index Member	FTSE/ DAX/ DJ EURO STOXX 50

* P/E is calculated on the basis of Bloomberg Consensus estimates

Source: Bloomberg, Company Reports

Deal Rationale

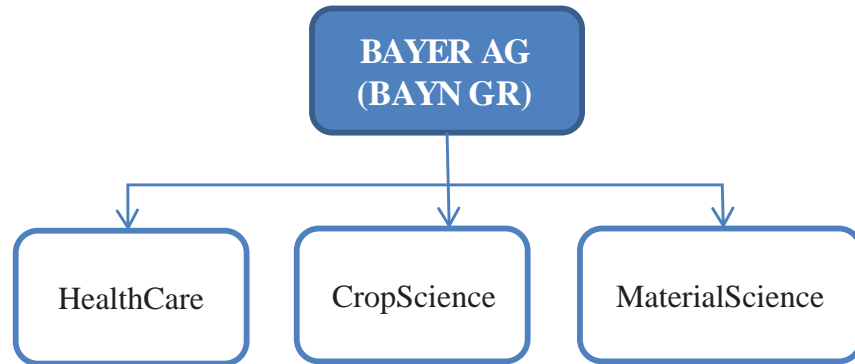
The demerger of MaterialSciences division is a clear positive as it will unlock shareholder value by removing the conglomerate discount. It will strengthen both Bayer's and MaterialScience's capabilities to adequately invest in and develop their own portfolios and eventually enhance the combined value of the two entities. Also, as a separate company, MaterialScience can align its organizational & process structures and corporate culture entirely towards its own industrial environment and business model. The demerger will separate divisions with different business models with divergent risk and investment profiles and allow prospective investors to pick and choose the business they want to take exposure into.

With the successful launch of pharmaceutical products, the acquisition of the OTC products business of Merck & Co., Inc., United States, and a hugely successful development of the CropScience business, in recent years, Bayer's focus has greatly shifted towards its high margin, high growth defensive Life Science assets. The Life Sciences currently accounts for about 70 percent of Bayer's sales and 88 percent of EBITDA before special items. The MaterialScience needs direct access to capital for its future development. This access can no longer be adequately ensured within the Bayer Group due to the substantial investment needs of the Life Science businesses for both organic and acquisition led growth.

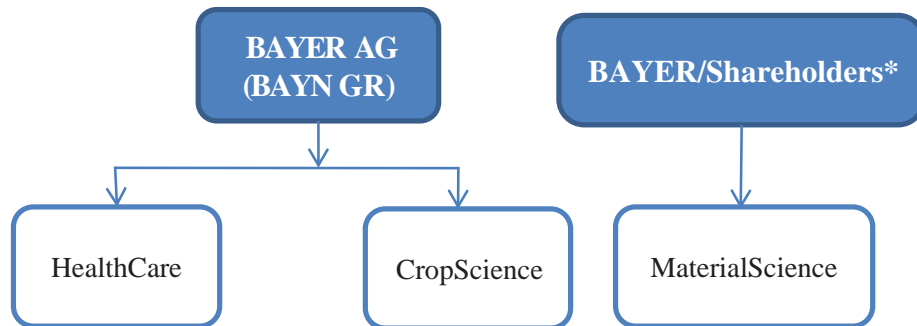
While the exact structure of capital market exit is unclear, in case the business is IPO'd, it will allow Bayer to bolster its healthcare business potentially in animal health segment.

Organization Structure

Pre Spin-Off Structure



Post Spin-Off Structure



*Depends on whether it is an IPO or Spin-off

Source: Bloomberg and Spin-Off Research

Company Description

Bayer Group (Parent)

Bayer Group (BAYN GR) manufactures and distributes a wide range of pharmaceutical, consumer care, cropcare products and MaterialScience products on a global basis. The company's products cater to various categories ranging from Hypertension to Cancer, Diabetes Care to Diagnostics Imaging, Crop protection to High productive seeds and Polycarbonates to Adhesive and Coatings.

MaterialScience (Spin-Off)

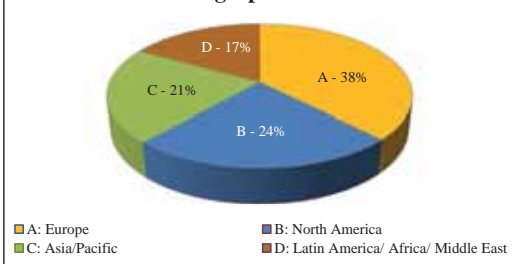
Bayers MaterialScience operates as a subgroup of Bayer Group AG and manufactures, markets and distributes hi-tech polymer products used in all major industries in the world namely automotive/ Transportation, Construction, IT/ Communication and textile. It is a leading player in the field of innovative polymer materials such as hydrocarbonates, polyurethanes etc.

Parent Vs. Spin-Off Summary

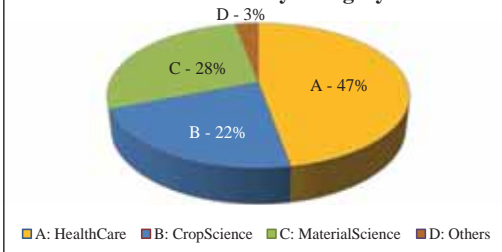
	Parent	Spin-Off
	Bayer AG	Bayer MaterialScience NewCo.*
Overall Description		
Exchange & Ticker	XETRA: BAYN GR	TBA
Sector	Healthcare	Polymer
Business	Life Science	Plastics
Description	Bayer AG produces and markets healthcare and agricultural products, and polymers. The Company manufactures products that include aspirin, antibiotics, anti-infectives, and cardiovascular, oncology, and central nervous system drugs, over-the-counter medications, diagnostics, animal health products, crop protection products, plastics, and polyurethanes.	Bayer MaterialScience is one of the world's largest producers of polymers and high-performance plastics. It has four business units: polyurethanes, polycarbonates, coatings, adhesives, and specialties, and industrial operations. The main segments served are the automotive, electrical and electronics, construction and sports and leisure industries.
Peers	BASF SE, SANOFI, Novartis AG, GSK Plc, AstraZeneca Plc, Merck kga	Evonik Degussa GmbH, Celanese Corporation, Chemtura Corporation
Operating Metrics - FY13		
Revenue	€40.16 billion	€1.24 billion
% of Total	100%	28%
EBITDA Margin (post special items)	19%	10%
Current Valuation		
Enterprise Value (€billion)		101.59
% of Total		100%
EBITDA Multiple (post special items)		12.97x FY13 EBITDA
Other Parameters		
Index Impact		To be Reviewed
Management Compensation		TBA
*Assumed for the purpose of this report		
Source: Bloomberg, Company Reports		

Business Overview - Bayer Group AG

FY13 Geographical Revenues



FY13 Revenue by Category



Headquartered in Leverkusen, Germany, Bayer was incorporated on August 1, 1863 by two partners - Friedrich Bayer and Johann Friedrich Weskott. Today, the company is a global enterprise with competencies in the fields of health care, agriculture and high-tech polymer materials and one of the world's leading producers of Life Science and MaterialScience products.

Bayer sells a wide range of products in all major countries through a network of more than 250 subsidiary companies worldwide. It operates in four geographical segments comprising Europe, North America, Asia/Pacific and Latin America/Middle East/Africa. **Bayer operates through three main divisions: HealthCare, CropScience and MaterialScience.**

Bayer HealthCare: The segment offers products for the treatment of common and serious health problems in humans as well as animals. **The HealthCare division is divided into two reportable segments: Pharmaceuticals and Consumer Health.** The **Pharmaceuticals segment** consists of two business units focusing on prescription products i.e. General Medicine, with a primary focus on women's healthcare & cardiovascular health products; and Specialty Medicine, comprising medicines that are mainly prescribed by specialist physicians. The **Consumer Health segment includes the Consumer Care, Medical Care and Animal Health divisions.** The main focus of the Consumer Care Division is on non-prescription medicines, dietary supplements and dermatology products. Medical Care division offers blood glucose monitoring devices, contrast-enhanced diagnostic imaging equipment together with the necessary contrast agents, and mechanical systems for treating constricted or blocked blood vessels.

Brands

The top five brands in Pharmaceuticals products division are Kogenate (2013 revenues - €1202 million), Betaferon/Betaseron (€1038 million), Xarelto (€949 million), YAZ/Yasmin/Yasminelle (€853 million) and Nexavar (€771 million). Contour (€722 million), Advantage product line (€487 million), Aspirin (€464 million), Ultravist (€322 million) and Aleve (€321 million) are the top brands in the Consumer Health products segment. The incremental growth will be driven by following brands: Xarelto, Eylea, Xofigo, Stivarga and Adempas.

Bayer CropScience: The segment offers a broad range of innovative chemical and biological products for improving plant health, along with high-value seeds. It also provides extensive customer service to support modern, sustainable agriculture. It is structured into six operational business units: four regional units for the crop protection business, seeds, and environment science Unit. Crop protection division includes insecticides, fungicides, herbicides and seedgrowth. Seed division deals with cotton, oilseeds, vegetables and food staples like wheat and rice. Environment Science deals with safe and effective chemicals to keep away pests and insects to ensure a healthy environment.

Brands

The key brands under Bayer CropScience division are fungicides (Navito, Prosaro, Xpro, Luna), herbicides (Basta), and insecticides (Sivanto, Confidor Belt and Movento). Navito is a fungicide which protects crop from soyabean rust while Praosaro protects cereal plants. Fint, Fox, Sphere are a few variants under Navito brand. Basta controls difficult-to-manage weeds while providing crop safety. Sivanto controls major pests like aphids, whiteflies, and other key insects including larval and adult live stages. Other insecticides include Confidor (Potato plant), Belt (cotton) and Movento (vegetables).

Bayer MaterialScience: MaterialScience segment produces hi-tech polymer materials which cater to industries such as Automotive/Transportation, Construction, Consumer Products, Electrical, Electronics, IT & Communication and Medical. The subgroup has its 30 major production sites in Europe, Asia and the Americas. It mainly manufactures polycarbonate (the crystal-clear, strong, lightweight, durable plastics), and polyurethanes (variety of foams and as a component for coatings and adhesives). The company invests substantial capital in R&D/innovation, with approx. 8% of its total employee count worldwide working in innovation centers, from Leverkusen to Shanghai and Pittsburgh. It has also filed 218 patent applications in 2013 alone. The company is continuously growing its operation in countries with high demand for polymers like China, India, Brazil and Russia.

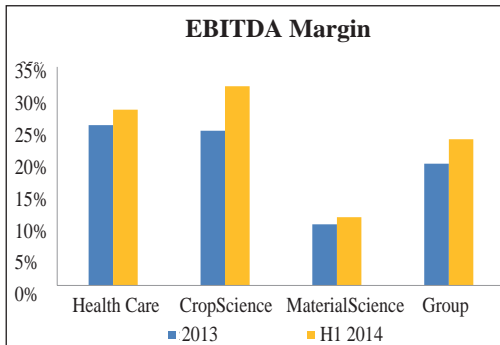
Brands

The key brands under Bayer MaterialScience division are Polycarbonates (Makrolon, APEC, Bayblend, and Makroblend), Polyurethanes (Acclaim, Actaclear, Additive, and Desmodur) and Coatings and adhesive. Makrolon can be used for injection molding, extrusion and blow molding, in a range of markets including automotive and transportation, construction, electronics, optical database storage while APEC is a high heat polycarbonate used mainly in hospitals, security and protection etc. Actaclear is synthetic detergent fluid mainly used in automotive fuel detergents

Strategy

Innovation and sustainability are two main corner stones of its business strategy across all three subgroups: Healthcare, Crop Protection and MaterialSciences. The company plans to focus on its high margin and defensive Life science businesses and is looking to grow these businesses both organically and through acquisitions. As a part of this strategy, it has acquired Merck's OTC business in May 2014. It is also focusing on new product launches, with 5 new product launches expected to generate peak annual sales in excess of €7.5 billion.

Financial Overview – Bayer AG



Source: Company Data

FY13

Bayer reported revenue of €40.15 billion in 2013, up 1% YOY, driven primarily by growth in CropScience division (+5% YoY) which offset de-growth witnessed in the MaterialScience division (-2% YOY). Kogenate, Betaferon, Xarelto, Yasim, Nexavar were top contributors to revenues in 2013. Among its geographical segments, Europe was the largest (38% of revenues) followed by North America (24%) and Asia Pacific (21%). The company recorded EBITDA (pre special items) of € 8.4 billion with a margin of 21%. The EBIT (pre special items) was €5.8 billion (+2% YOY) with a margin of 15%. Net Profit was €3.2 billion, up 30% YOY. The Basic EPS was €3.86 as compared to €2.91 in the previous year. The core EPS was €5.61 in 2013.

2Q14

Bayer Group AG reported revenue of €10.45 billion in 2Q14 (+1% YoY). HealthCare division sales were €4.84 billion, up 1% YOY, driven by Pharma (+5% YOY) on the back of newly launched products - Xarelto, Eylea, Stivagra, Xofigo and Adempas, withstanding an FX headwind of 6%. Xarelto sales were at €381 million (+74% YOY), Eylea - €194 million (+166% YOY), Stivarga - €61 million (30% YOY), Xofigo - €43m and Adempas sales at €23 million.

CropScience Sales of €2.47 billion, up +3% YOY. MaterialScience sales declined 0.4% to €2.86 billion due to plant shut downs and lower prices.

The company reported EBITDA (pre special items) of €2.21 billion (+1% YOY) with a margin of 21%. The HealthCare EBITDA (pre special items) was €1.35 billion, while the CropScience had weak EBITDA (pre special items) of €0.61 billion due to FX headwinds and higher selling and R&D costs. The MaterialScience recorded low EBITDA (pre special items) of €0.27 billion due to lower selling prices and plant shutdowns. The company's EBIT (pre special items) was €1.52 billion (-1% YOY) with a margin of 15%. The net income for the quarter was €0.95 billion (+13% YOY). The Basic EPS was €1.15 in 2Q'14 as compared to €1.02 in corresponding quarter in the previous year.

Outlook

Bayer has raised its guidance for total group sales growth to 6% LC, but with higher FX (-4%), the implied sales is now at the lower end of the range at €1bn. The median Bloomberg Consensus sales stands at €1.5bn. For EBITDA and Core EPS, guidance was reiterated for a low- to mid-single-digit reported increase in group EBITDA (u/l) and a mid-single digit reported increase in Core EPS (consensus 6.7%, at €5.99, excluding the impact from the Merck & Co. Consumer acquisition).

Attachment 1

Income Statement - Bayer Group AG

Financial Year (in €millions)	2010	2011	2012	Q1 2013	Q2 2013	H1 2013	2013	Q1 2014	Q2 2014	H1 2014
Net sales	35,088	36,528	39,741	10,266	10,360	20,626	40,157	10,555	10,458	21,013
Cost of goods sold	(17,103)	(17,975)	(19,070)	(4,823)	(4,958)	(9,781)	(19,347)	(4,815)	(5,080)	(9,895)
Gross profit	17,985	18,553	20,671	5,443	5,402	10,845	20,810	5,740	5,378	11,118
Selling expenses	(8,803)	(8,958)	(9,981)	(2,487)	(2,723)	(5,210)	(10,080)	(2,443)	(2,640)	(5,083)
Research and Development expenses	(3,053)	(2,932)	(3,013)	(725)	(908)	(1,633)	(3,190)	(820)	(850)	(1,670)
General administration expenses	(1,647)	(1,713)	(1,866)	(409)	(406)	(815)	(1,883)	(417)	(436)	(853)
Other operating income	714	859	1,087	162	282	444	897	129	79	208
Other operating expenses	(2,466)	(1,660)	(2,970)	(213)	(360)	(573)	(1,620)	(93)	(58)	(151)
EBIT	2,730	4,149	3,928	1,771	1,287	3,058	4,934	2,096	1,473	3,569
Equity-method loss	(56)	(45)	(18)	(6)	(2)	(8)	(16)	(5)	(3)	(8)
Financial income	384	586	503	69	97	166	389	92	98	190
Financial expenses	(1,337)	(1,327)	(1,237)	(253)	(320)	(573)	(1,100)	(246)	(268)	(514)
Financial result	(1,009)	(786)	(752)	(190)	(225)	(415)	(727)	(159)	(173)	(332)
Income before income taxes	1,721	3,363	3,176	1,581	1,062	2,643	4,207	1,937	1,300	3,237
Income taxes	(411)	(891)	(723)	(419)	(218)	(637)	(1,021)	(512)	(345)	(857)
Profit for the period	1,310	2,472	2,453	1,162	844	2,006	3,186	1,425	955	2,380
Total comprehensive income for the year Attributable to:										
Equity holders of the parent company	1,301	2,470	2,403	1,160	841	2,001	3,189	1,423	953	2,376
Non controlling interest	9	2	50	2	3	5	(3)	2	2	4
Profit for the period	1,310	2,472	2,453	1,162	844	2,006	3,186	1,425	955	2,380
Earnings per share										
Basic	1.57	2.99	2.91	1.40	1.02	2.42	3.86	1.72	1.15	2.87
Diluted	1.57	2.99	2.91	1.40	1.02	2.42	3.86	1.72	1.15	2.87
Core EPS	4.19	4.83	5.30	1.70	1.54	3.24	5.61	1.95	1.53	3.48
Weighted avg no. of shares to determine basic EPS	826.95	826.95	826.95	826.95	826.95	826.95	826.95	826.95	826.95	826.95
Weighted avg no. of shares to determine diluted EPS	826.95	826.95	826.95	826.95	826.95	826.95	826.95	826.95	826.95	826.95
DPS	1.50	1.65	1.90				2.10			
Dividend paid	1,240	1,364	1,571				1,737			
<i>YOY growth (%)</i>		10%	15%				11%			
<i>Payout ratio (%)</i>	95%	55%	65%				54%			

Source: Company data

Attachment 2

Balance Sheet - Bayer AG

Financial Year (in €millions)	2010	2011	2012	2013	H1 2014
Noncurrent assets					
Goodwill	9,002	9,148	9,293	9,862	10,322
Other intangible assets	11,161	10,284	9,464	8,914	10,056
Property, plant and equipment	9,835	9,887	9,898	10,015	10,061
Investments accounted for using the equity method	354	265	225	203	198
Other financial assets	1,164	1,348	1,308	1,203	1,267
Other receivables	498	425	541	496	441
Deferred taxes	1,174	1,312	1,579	1,596	1,604
Total Noncurrent Assets	33,188	32,669	32,308	32,289	33,949
Current assets					
Inventories	6,104	6,370	6,991	7,129	7,416
Trade accounts receivable	6,668	7,060	7,433	7,569	9,423
Other financial assets	1,008	2,784	857	779	617
Other receivables	1,336	1,636	1,655	1,476	1,480
Claims for income tax refunds	362	372	376	413	463
Cash and cash equivalents	2,840	1,771	1,698	1,662	1,228
Assets held for sale	-	84	-	-	363
Total Current Assets	18,318	20,077	19,010	19,028	20,990
Total assets	51,506	52,746	51,318	51,317	54,939
Equity					
Capital stock of Bayer AG	2,117	2,117	2,117	2,117	2,117
Capital reserves of Bayer AG	6,167	6,167	6,167	6,167	6,167
Other reserves	10,549	10,912	10,167	12,434	11,165
Equity attributable to Bayer AG stockholders	18,833	19,196	18,451	20,718	19,449
Equity attributable to non-controlling interest	63	59	100	86	92
Net Equity	18,896	19,255	18,551	20,804	19,541
Noncurrent liabilities					
Provisions for pensions and other post-employment benefits	7,305	7,787	9,246	7,368	9,824
Other provisions	1,478	1,726	2,111	1,977	1,877
Financial liabilities	9,944	7,995	6,962	5,590	8,008
Other liabilities	471	474	409	362	305
Deferred taxes	2,577	2,116	935	1,193	714
Total Noncurrent Liabilities	21,775	20,098	19,663	16,490	20,728
Current liabilities					
Other provisions	3,870	4,217	4,844	4,727	5,368
Financial liabilities	1,889	3,683	2,568	3,441	3,589
Trade accounts payable	3,497	3,785	4,305	4,473	4,136
Income tax liabilities	62	76	72	101	85
Other liabilities	1,517	1,629	1,315	1,281	1,492
Liabilities directly related to assets held for sale	-	3	-	-	-
Total Current Liabilities	10,835	13,393	13,104	14,023	14,670
Total equity and liabilities	51,506	52,746	51,318	51,317	54,939

Source: Company data

Attachment 3

Productwise Revenue - Bayer Group AG

Products (in €millions)	2010	2011	2012	Q1 2013	Q2 2013	H1 2013	2013	Q1 2014	Q2 2014	H1 2014
Pharmaceuticals Products										
Kogenate™	1004	1,075	1,182	301	306	607	1,202	270	243	513
Betaferon™ / Betaseron™	1206	1,117	1,216	254	269	523	1038	190	216	406
Xarelto™	-	86	322	155	219	374	949	342	381	723
YAZ™ / Yasmin™ / Yasminelle™	1111	1,070	1,045	206	215	421	853	181	191	372
Nexavar™	705	725	792	173	200	373	771	183	196	379
Mirena™	539	581	677	166	193	359	719	178	208	386
Adalat™	664	640	670	155	157	312	603	140	156	296
Aspirin™ Cardio	358	404	476	102	116	218	452	115	117	232
Avalox™ / Avelox™	497	486	486	115	105	220	426	108	92	200
Glucobay™	347	362	408	101	108	209	423	102	106	208
Eylea™	-	-	14	49	73	122	333	157	194	351
Levitra™	429	332	307	68	76	144	290	62	62	124
Cipro™ / Ciprobay™	262	232	229	46	59	105	197	47	49	96
Stivarga™	-	-	32	40	47	87	197	54	61	115
Zetia™	138	179	207	-	-	-	172	-	-	-
Fosrenol™	99	147	-	35	41	76	-	47	33	80
Diane™	171	182	-	-	-	-	-	-	-	-
Kinzal™ / Pritor™ (General Medicine)	178	-	-	-	-	-	-	-	-	-
Total	7,708	7,618	8,063	1,966	2,184	4,150	8,625	2,176	2,305	4,481
Proportion of Pharmaceuticals sales	77%	77%	75%	77%	77%	77%	77%	78%	78%	78%
Consumer Health Products										
Contour™ (Medical Care)	602	640	722	170	197	367	722	146	165	311
Advantage™ product line (Animal Health)	408	420	495	123	148	271	487	130	140	270
Aspirin™ (Consumer Care)	418	471	494	116	110	226	464	102	92	194
Ultravist™ (Medical Care)	313	316	322	78	87	165	322	69	76	145
Aleve™ (Consumer Care)	273	285	323	75	85	160	321	74	83	157
Bepanthen™/Bepanthol™ (Consumer Care)	212	235	269	76	78	154	310	86	91	177
Canesten™ (Consumer Care)	210	224	250	62	70	132	257	60	66	126
Gadovist™ / Gadavist™ (Medical Care)	-	160	209	50	49	99	205	53	57	110
One A Day™ (Consumer Care)	178	174	196	-	45	84	176	0	-	73
Supradyn™ (Consumer Care)	-	-	146	38	38	76	158	39	38	77
Berocca™ (Consumer Care)	-	-	-	34	-	-	-	33	-	-
Iopamiron™ (Medical Care)	185	185	-	-	-	-	-	-	-	-
Magnevist™ (Medical Care)	215	-	-	-	-	-	-	-	-	-
Total	3,014	3,110	3,426	822	907	1,734	3,422	792	808	1,640
Proportion of Consumer Health sales	43%	43%	44%	44%	46%	45%	44%	44%	45%	45%

Source: Company data

Attachment 4

Management – Bayer Group AG

Dr. Marijn Dekkers

Dr. Marijn Dekkers has been the chairman of Bayer AG's Group since October 1, 2010. Dr Marijn joined Bayer on January 1, 2010 after 25 years of corporate experience in the US. He began his professional career in 1985 as a scientist at GE's corporate research center before joining AlliedSignal (subsequently Honeywell International Inc.) in 1995. In 2000, Dekkers became Chief Operating Officer of Thermo Electron Corporation and further was elevated to the post of President and CEO in 2002. Dekkers has studied chemistry and chemical engineering. Dekkers is a member of the Board of Directors of General Electric in the United States. He is Vice President of the German Chemical Industry Association (VCI), Frankfurt, and member of the Executive Committee of the Federation of German Industry (BDI), Berlin. Dekkers is also a member of the Business Council and the Business Roundtable, two U.S.-based associations of business leaders and CEOs of leading U.S. companies.

Compensation

In FY13, the annual compensation of Dr. Dekkers stood at €4.83 million comprising of fixed salary of €1.34 million, variable compensation (both short and long) of €3.06 million, stock based cash compensation of €82 thousand and fringe benefits of €9,000. This does not include pension benefit of €77,000.

Werner Baumann

Mr. Werner Baumann has been Member of the Management Board responsible for Finance at Bayer AG since May 1, 2010. After studying Economics at RWTH Aachen University and the University of Cologne, he joined Bayer AG in 1988. His first duties were in the Corporate Finance Department in Leverkusen. In 1991 Mr. Baumann transferred to Bayer Hispania Comercial in Barcelona, Spain, to take up a position as Controller, becoming Assistant to the Managing Director in 1995. A year later, he moved to Bayer Corporation in Tarrytown, New York, latterly heading up the global Business Planning and Administration organization of the Diagnostics Business Group. In July 2002, Mr. Baumann returned to Germany to become Member of the Executive Committee and Head of Central Administration and Organization at Bayer HealthCare. In October 2003 he was appointed Member of the Board of Management of the newly formed subgroup Bayer HealthCare AG, also serving as the company's Labor Director. Until December 31, 2009 Mr. Baumann also served on the Board of Bayer Business Services GmbH and until March 31, 2009 he was active on the Board of DIREVO Biotech AG. Since May 1, 2010 Mr. Baumann also has been active as Chairman of the Board at Bayer Business Services GmbH and Bayer CropScience AG.

Compensation

In FY13, the annual compensation of Mr. Werner stood at €3.13 million comprising of fixed salary of €88,000, variable compensation (both short and long) of €1.762 million, stock based cash compensation of €52 thousand and fringe benefits of €43,000. This does not include pension benefit of €189,000.