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### **Bayer modifies Board of Management compensation system**

- Reduction of short-term incentive and strengthening of long-term compensation component
- Extended share retention period under long-term incentive program
- Increased personal investment in Bayer stock
- Adjustments effective January 1, 2010
- Compensation system to be submitted to Annual Stockholders' Meeting for approval

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**Leverkusen, February 26, 2010** – The Supervisory Board of Bayer AG has modified certain components of the compensation system for the Board of Management. The changes include strengthening the long-term component of the variable compensation, extending the share retention period under the long-term incentive (LTI) program and increasing the personal investment in Bayer shares. “Bayer already has a balanced and exemplary compensation system for the Board of Management. These modifications bring us into line with the new requirements,” explained Dr. Manfred Schneider, Chairman of the Supervisory Board of Bayer AG. The adjustments, which apply from 2010, have no impact on the level of total compensation or the underlying compensation structure.

One important change concerns the short-term incentive (STI), which is based on the company's economic performance in the previous fiscal year. Only half of this amount will now be paid out. The remaining half will be converted into virtual shares subject to a three-year retention period. Depending on the performance of Bayer stock, subsequent payments may then be higher or lower than the initial amount of the STI.

The STI volume is calculated on the basis of the Bayer Group's target margin, clean EBITDA and individual target attainment. This system has been applied across all management levels and salary grades for many years. “Non-managerial employees, managerial staff and senior executives are rewarded on the basis of the same performance parameters,” said Schneider.

No change will be made to the structure of the long-term incentive, which is based on a personal investment in Bayer shares. The main parameters for this component are the performance of Bayer stock both in absolute terms and in relation to the EURO STOXX 50™ reference index. However, the retention period has been extended from three to four years to enhance the sustainability of this incentive.

In future, the fixed salary and short-term incentive will account for 30 percent each and the long-term elements for 40 percent of the Board of Management's total cash compensation.

In addition, the Board of Management undertakes in future to hold Bayer shares to the value of 150 percent (Chairman) and 100 percent (other members) of annual fixed salary. Until now, a personal investment to the value of 40 percent of annual fixed salary was required.

The compensation system for the Board of Management will be submitted to the Annual Stockholders' Meeting of Bayer AG on April 30, 2010 for approval in the form of a consultative resolution. "Corporate governance is a top priority at Bayer, and this is evidenced by the quality of our compensation system," said Schneider.

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