

Bayer stock recovered somewhat in the second quarter following the drop in the share price in the first three months of the year. Including the dividend of €1.35 per share paid in April, the second-quarter performance of our shares came to 7.9 percent.

However, with a closing price of €53.46 on June 30, 2008, the stock was down 14.5 percent from the end of 2007 (performance: -12.4 percent). The DAX lost 20.4 percent over the same period, closing at 6,418 points. The European reference index EURO STOXX 50 fell even more sharply, closing the second quarter down 21.8 percent from the start of the year, at 5,076 points.

The index provider MSCI Barra reclassified Bayer stock from the “Diversified Chemicals” category of the “Materials” sector to the “Pharmaceuticals” category of the “HealthCare” sector with effect from July 1, 2008 reflecting the strategic emphasis of our activities on the HealthCare business.

At the Annual Stockholders’ Meeting on April 25, 2008 in Cologne, 62 percent of the voting capital was represented – an increase of 5 percentage points from the previous year’s meeting.

| Bayer Stock Key Data | | 2nd Quarter | 2nd Quarter | 1st Half | 1st Half |
|--|-----------|-------------|-------------|----------|---------------------------------|
| | | 2007 | 2008 | 2007 | 2008 |
| High for the period | € | 56.68 | 57.00 | 56.68 | 65.68 |
| Low for the period | € | 47.58 | 50.61 | 40.20 | 45.90 |
| Average daily share turnover on German stock exchanges | million | 6.2 | 4.3 | 5.9 | 5.8 |
| | | | | | Change |
| | | June 30, | June 30, | Dec. 31, | June 30, 2008/ Dec. 31, 2007 |
| | | 2007 | 2008 | 2007 | % |
| Share price | € | 56.10 | 53.46 | 62.53 | -14.5 |
| Market capitalization | € million | 42,879 | 40,862 | 47,794 | -14.5 |
| Stockholders’ equity as per balance sheets | € million | 16,249 | 17,412 | 16,821 | +3.5 |
| Number of shares entitled to the dividend | million | 764.34 | 764.34 | 764.34 | 0.0 |
| DAX | | 8,007 | 6,418 | 8,067 | -20.4 |

Xetra-closing price; source: Bloomberg

Performance over the Past Twelve Months

(indexed; 100 = Xetra closing price on June 30, 2007)



Calculation of core earnings per share

Earnings per share according to IFRS are affected by the purchase price allocation for Schering, Berlin, Germany, and other special factors. To enhance comparability, we also determine core net income from continuing operations after elimination of the amortization of intangible assets, asset write-downs (including any impairment losses), special items in EBITDA including the related tax effects, and one-time tax income or expense.

The calculation of earnings per share in accordance with IFRS is explained in the notes to the consolidated financial statements on page 41. Adjusted core net income, core earnings per share and core EBIT are not defined in the International Financial Reporting Standards. Therefore they should be regarded as supplementary information rather than stand-alone indicators.

| Calculation of Core EBIT and Core Earnings per Share | 2nd Quarter 2007 | 2nd Quarter 2008 | 1st Half 2007 | 1st Half 2008 |
|---|---------------------|---------------------|--------------------|--------------------|
| € million | | | | |
| EBIT as per income statement | 917 | 1,105 | 2,092 | 2,448 |
| Amortization and write-downs of intangible assets | 325 | 378 | 618 | 785 |
| Write-downs of property, plant and equipment | 53 | 29 | 77 | 60 |
| Special items (other than write-downs) | 234 | 122 | 450 | 252 |
| Core EBIT | 1,529 | 1,634 | 3,237 | 3,545 |
| Non-operating result (as per income statement) | (257) | (262) | (475) | (537) |
| Income taxes (as per income statement) | (247) | (262) | (548) | (568) |
| Tax adjustment | (205) | (160) | (382) | (333) |
| Income after taxes attributable to minority interest (as per income statement) | 3 | (7) | 2 | (7) |
| Core net income from continuing operations | 823 | 943 | 1,834 | 2,100 |
| Financing expenses for the mandatory convertible bond, net of tax effects | 24 | 28 | 48 | 56 |
| Adjusted core net income | 847 | 971 | 1,882 | 2,156 |
| Shares | | | | |
| Weighted average number of issued ordinary shares | 764,341,920 | 764,341,920 | 764,341,920 | 764,341,920 |
| Potential shares to be issued upon conversion of the mandatory convertible bond | 59,565,835 | 59,904,897 | 59,544,939 | 59,743,798 |
| Adjusted weighted average total number of issued and potential ordinary shares | 823,907,755 | 824,246,817 | 823,886,859 | 824,085,718 |
| Core earnings per share from continuing operations (€) | 1.03 | 1.18 | 2.28 | 2.62 |