

In the third quarter of 2008 the stock market was dominated by the effects of the international financial crisis, with the DAX down nearly 8 percent on the period. In this volatile environment, Bayer stock largely held its own, moving more or less laterally (-1.6 percent). The relative strength of our stock was also evident over the nine-month period. Although Bayer stock closed at €51.80 on September 30, 2008, down 17.2 percent from the end of 2007, giving a performance of minus 15.1 percent, the DAX lost 27.7 percent in the same period, closing at 5,831 points. The European reference index EURO STOXX 50 suffered comparably heavy losses, closing the third quarter at 4,615 points, down 28.4 percent from the beginning of the year.

With effect from September 22, 2008, Bayer stock is included in the Dow Jones STOXX 50, a European blue chip index comprising the top 50 stocks from 17 western European countries.

At the end of September, Bayer hosted the "Meet Management" conference in Leverkusen for the third time. Some 90 investors and analysts accepted the company's invitation to participate in group discussions with members of the management boards of Bayer AG and the subgroups. These talks focused on corporate strategy, developments in key markets, the effects of the financial crisis and the candidates in the pharmaceutical research pipeline.

Bayer Stock Key Data		3rd	3rd	First Nine	First Nine
		Quarter	Quarter	Months	Months
		2007	2008	2007	2008
High for the period	€	58.56	57.53	58.56	65.68
Low for the period	€	50.33	51.80	40.20	45.90
Average daily share turnover on German stock exchanges	million	6.0	4.9	5.9	5.5
		Sept. 30, 2007	Sept. 30, 2008	Dec. 31, 2007	Change Sept. 30, 2008/Dec. 31, 2007 %
Share price	€	55.82	51.80	62.53	-17.2
Market capitalization	€ million	42,665	39,593	47,794	-17.2
Stockholders' equity as per balance sheets	€ million	17,008	18,310	16,821	+8.9
Number of shares entitled to the dividend	million	764.34	764.34	764.34	0.0
DAX		7,862	5,831	8,067	-27.7

XETRA closing prices; source: Bloomberg

Performance over the Past Twelve Months

(indexed; 100 = Xetra closing price on September 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 the International Financial Reporting Standards (IFRS) is explained in the notes to the financial statements on page 41. Adjusted core net income, core earnings per share and core EBIT are not defined in the IFRS. Therefore they should be regarded as supplementary information rather than stand-alone indicators.

Calculation of Core EBIT and Core Earnings per Share	3rd Quarter 2007	3rd Quarter 2008	First Nine Months 2007	First Nine Months 2008
€ million				
EBIT as per income statement	677	684	2,769	3,132
Amortization and write-downs of intangible assets	479	385	1,097	1,170
Write-downs of property, plant and equipment	9	3	86	63
Special items (other than write-downs)	120	159	570	411
Core EBIT	1,285	1,231	4,522	4,776
Non-operating result (as per income statement)	(266)	(276)	(741)	(813)
Income taxes (as per income statement)	769	(133)	221	(701)
One-time tax income*	(911)	0	(911)	0
Tax adjustment	(234)	(151)	(617)	(484)
Income after taxes attributable to minority interest (as per income statement)	(3)	(1)	(1)	(8)
Core net income from continuing operations	640	670	2,473	2,770
Financing expenses for the mandatory convertible bond, net of tax effects	25	28	73	84
Adjusted core net income	665	698	2,546	2,854
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	59,585,493	60,040,823	59,558,606	59,843,529
Adjusted weighted average total number of issued and potential ordinary shares	823,927,413	824,382,743	823,900,526	824,185,449
Core earnings per share from continuing operations (€)	0.81	0.85	3.09	3.46

* arising from the corporate tax reform in Germany