

Investor Information

Bayer
Stockholders'
Newsletter 2007

Investor Information

Bayer Stock Key Data		2nd Quarter	2nd Quarter	1st Half	1st Half
		2006	2007	2006	2007
High for the period	€	36.75	56.68	36.75	56.68
Low for the period	€	30.56	47.58	30.56	40.20
Average daily share turnover on German stock exchanges	million	7.3	6.2	6.4	5.9
		June 30, 2006	June 30, 2007	Dec. 31, 2006	Change June 30, 2007/ Dec. 31, 2006 %
Share price	€	35.94	56.10	40.66	38.0
Market capitalization	€ million	26,248	42,879	31,078	38.0
Stockholders' equity	€ million	12,827	16,249	12,851	26.4
Number of shares entitled to the dividend	million	730.34	764.34	764.34	0.0
DAX		5,683	8,007	6,597	21.4

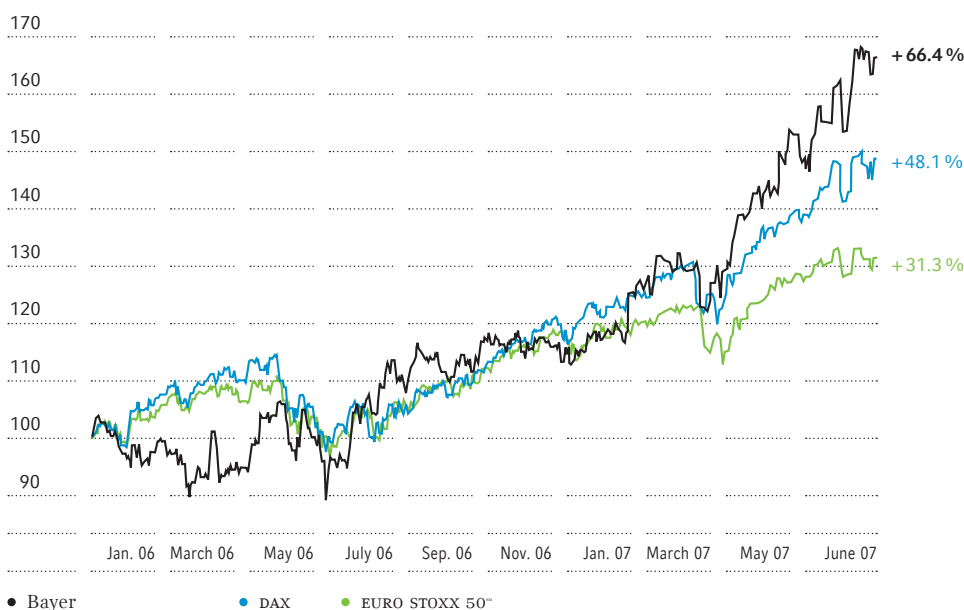
XETRA closing price; source: Bloomberg

Bayer stock maintained its upward trend in the second quarter of 2007, closing on June 30, 2007 at €56.10, up 38.0 percent from the closing price at the end of 2006. Including the dividend of €1.00 per share for 2006 paid on April 30, 2007, our stock achieved a performance of 40.7 percent in the first half of 2007. Over the same period the DAX rose 21.4 percent to 8,007 points.

In the second quarter Bayer held a HealthCare Investor Day in Leverkusen. This included numerous presentations and discussion forums at which Bayer provided information on topics such as the combined research and development pipeline of Bayer Schering Pharma, trends regarding our pharmaceuticals products, and the future strategy for the Consumer Health business. Webcasts of the presentations are available on the Internet at www.investor.bayer.com.

Performance of Bayer Stock

Index (100 = XETRA closing price on December 31, 2005)



UBS AG, Switzerland, informed us pursuant to Section 21, Paragraph 1 of the German Securities Trading Act (WpHG) that the proportion of voting rights it holds in our company exceeded the 3 percent threshold defined therein on May 24, 2007, and that since that date it has held 3.18 percent of the voting rights. Of these voting rights, 0.02 percent are to be attributed to UBS AG pursuant to Section 22, Paragraph 1, Sentence 1, No. 1 of the Securities Trading Act (“undertakings controlled by the notifying party”).

Calculation of core earnings per share

Earnings per share according to IFRS are affected by the purchase price allocation 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 and extraordinary factors affecting income from investments in affiliated companies (such as divestment gains or write-downs), including the related tax effects.

The expected €0.9 billion in one-time non-cash tax income related to the German corporate tax reform, mentioned on page 7, represents a special tax effect and has therefore been eliminated.

The calculation of earnings per share in accordance with IFRS is explained in the notes to this interim report on page 42. 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 2006	2nd Quarter 2007	1st Half 2006	1st Half 2007
€ million				
EBIT as per income statement	877	917	1,926	2,092
Amortization and write-downs of intangible assets	147	325	278	618
Write-downs of property, plant and equipment	-	53	6	77
Special items (other than write-downs)	34	234	162	450
Core EBIT	1,058	1,529	2,372	3,237
Non-operating result (as per income statement)	(228)	(257)	(438)	(475)
Extraordinary income/loss from investments in affiliated companies	-	-	-	-
Income taxes (as per income statement)	(198)	(247)	(475)	(548)
Tax adjustment	(63)	(205)	(156)	(382)
Income after taxes attributable to minority interest (as per income statement)	(3)	3	0	2
Core net income from continuing operations	566	823	1,303	1,834
Financing expenses for the mandatory convertible bond, net of tax effects	23	24	23	48
Adjusted core net income	589	847	1,326	1,882
Shares				
Weighted average number of issued ordinary shares	730,341,920	764,341,920	730,341,920	764,341,920
Potential shares to be issued upon conversion of the mandatory convertible bond	63,254,424	59,565,835	31,801,948	59,544,939
Adjusted weighted average total number of issued and potential ordinary shares	793,596,344	823,907,755	762,143,868	823,886,859
Core earnings per share from continuing operations (€)	0.74	1.03	1.74	2.28