

# Bayer



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## Investor News

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Chemical park operator Bayer Industry Services presents new strategy:

### **Lower-cost services to strengthen competitive position of 60 Chemical Park partners**

Savings of EUR 125 million / 600 jobs to be cut through 2009

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**Leverkusen, October 23, 2006** – Chemical park operator Bayer Industry Services GmbH & Co. OHG (BIS) intends to optimize its service portfolio to strengthen the company's competitiveness in the long term. The strategy project aimed at attaining this goal, named "BIS 2009", was presented to the Supervisory Board on Monday. "We want to realign BIS in order to ensure its competitiveness for the future and improve the cost-effectiveness of the services we provide to our shareholders, Bayer and Lanxess, to the 60 Chemical Park partners and to potential new investors at our sites in Leverkusen, Dormagen and Krefeld-Uerdingen," explained Executive Board Chairman, Dr. Klaus Schäfer. The new concept envisages building on the company's strengths as a service provider, but in future also increasingly procuring some services from external companies.

Extensive analysis has shown that the need for all the services presently offered by BIS to the Chemical Park partners will remain unchanged in the future. In a second step, the analysis examined which services can continue to be offered by BIS at competitive prices and in which areas a transfer to specialist companies would contribute to improving cost structures. "With our services, we share the responsibility of ensuring that our customers can continue to compete in the ever tougher global business environment," continued Schäfer. "This is why we intend to further optimize BIS as an efficient chemical park operator and focus on our core businesses of safety, environmental protection, utilities, waste management and the provision of infrastructure services to our customers' production facilities." In the case of

Technical Services, Gate and Protection Services and some facility services, BIS will be seeking companies from the relevant market segments to take over the employees of these organizational units and continue to provide the relevant services.

The new strategy concept aims to achieve annual savings of EUR 125 million by 2009, thus greatly reducing customers' costs. The following measures are planned. In the core areas of safety, environmental protection, utilities and waste management, a program is to be initiated to further boost efficiency. Other activities such as analytics, occupational health and occupational safety are also to be placed on a sound footing within the BIS organization.

Technical Services, with a workforce of around 1,500, is to be divested to an efficient specialist in this field which, on account of its size and expertise, will be able to provide the necessary services at competitive prices. "Given the size of the market in our Chemical Park, we believe the potential buyer will have good perspectives and jobs will be secure," explained Schäfer.

Other services that BIS cannot provide on competitive terms are also to be transferred to external partners. These include Gate and Protection Services (around 180 employees) and some facility services (about 360 employees).

For the BIS logistics subsidiary Chemion, options for long-term optimization – including value-creating partnerships – are to be examined.

A further measure envisages the transfer of 270 employees to other Bayer companies. The organizational units affected here are Real Estate, Cultural Affairs, the Erholungshaus (the company's arts venue in Leverkusen), Club Coordination Services, Advanced Training and Corporate History/Archives. These all provide services that additionally fulfill strategic, conceptional and representative functions for the Bayer Group.

Of the current BIS workforce of around 5,800, it is planned to transfer a total of about 2,300 to other companies. In the remaining organizational units, some 600 jobs are to be cut through 2009. "We hope to achieve this unfortunately necessary reduction in headcount by means of retirement programs, severance agreements and natural attrition," said Schäfer.

On Monday, the Supervisory Board, the Economics Committee and the employees were informed about the future plans. Separate employee meetings are to be held at the Leverkusen, Dormagen and Krefeld-Uerdingen sites on Tuesday, at which the Executive Board Chairman will explain the new strategy in detail. The individual measures for implementing the strategy will be the subject of negotiations with the employee representatives in the coming weeks.

The future of BIS is closely linked to the development of the Chemical Park sites in Leverkusen, Dormagen and Krefeld-Uerdingen, where a total of 60 companies operate 500 facilities employing some 50,000 people. "We believe in the future of our sites," said Schäfer. "That is why we have invested EUR 200 million annually in the Chemical Park in recent years. A similar amount is planned for next year. This investment volume and our new strategy program are aimed at safeguarding our employees' jobs and strengthening our customers' competitiveness."

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