



Investor News

Further integration measures determined:

Global R&D organization for future Bayer Schering Pharma defined

- Global R&D units in Berlin and Wuppertal, Germany, and Berkeley, California
 - U.S. headquarters of Bayer Schering Pharma to be located in Wayne and Montville, New Jersey
 - Recommendations already made for some 70 Bayer Schering Pharma sites
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Leverkusen / November 9, 2006 – Bayer is proceeding apace with the integration of Schering. In recent weeks, managerial positions in the future Bayer Schering Pharma have been appointed as far down as the third hierarchy level, and three further major decisions have now also been made following the registration of the control and profit-and-loss transfer agreement in the Commercial Register. For example, the structure of Bayer Schering Pharma's global research and development organization has been defined and a reorganization of the U.S. sites has been initiated. In addition, Bayer AG's Board of Management has agreed on a concept for the future for some 70 Bayer Schering Pharma sites, including some in Germany. The concrete measures will be implemented in accordance with the local legal requirements.

As part of this change, research programs and activities now dispersed in various sites will be consolidated into three major research and development sites: Berlin and Wuppertal in Germany and Berkeley in California, U.S. "The changes in Research and Development will leverage the combined assets of Schering and Bayer to maximize both the output and effectiveness of our global drug discovery and development programs. They also give us the flexibility to substantially lower our ongoing infrastructure costs," said Arthur Higgins, Chairman of the Board of Bayer HealthCare AG and Chairman of the Board of Management of the future Bayer Schering Pharma AG.

The Berlin research group will take leadership for Diagnostic Imaging, Oncology and Gynecology/Andrology research and Wuppertal will be core for the company's Cardiology research. Both locations have significant capabilities and activities in target discovery, lead generation and optimization, drug metabolism and pharmacokinetics, toxicology and clinical pharmacology.

Berkeley will remain an important global R&D center for protein-based biologics drug discovery and will continue to be home of the state-of-the-art Kogenate biological manufacturing facility. This facility is strategically located in the world's most active biotech corridor, and therefore it is expected to become a research center of excellence and anchor for continuing work in hematology as well as in immunology and inflammation. In addition, the site in California will also remain the headquarters for the global Hematology/Cardiology business unit. Leukine, a growth factor for white blood cells, will continue to be manufactured in the Puget Sound Region in the state of Washington.

The consolidation means that the Bayer HealthCare's U.S. research site in West Haven, Connecticut, and that of Berlex Inc. (U.S. subsidiary of Schering) in Richmond, California, will be closed. Bayer Pharma will relocate remaining departments and functions presently based in West Haven into headquarters locations in New Jersey.

Wayne and Montville, New Jersey will be headquarters for the company's U.S. pharmaceutical commercial operations and Global Oncology and Specialized Therapeutics business units, and home to U.S.-based Global Drug Development groups and other business support functions. Employee groups transferring from other U.S. sites will move over the next 12-18 months.

The company anticipates the consolidation of research activities to be largely complete by the end of the first half of 2007. Bayer anticipates that approximately 600 U.S. positions will be eliminated by these changes, primarily in research. Over time it is anticipated to eliminate an additional 200 U.S.-based positions by the overall reorganization. After one-time costs of approximately US\$350 million, of which approximately US\$200 million are non-cash related, these measures will enable the company to reduce overall R&D costs by over US\$210 Million per year by the end of 2008. Bayer expects synergies totaling EUR 700 million to be achieved from the year 2009.

Further reorganization outside the United States

Schering's present German sales organization, which is based in Berlin, is set to relocate to Leverkusen, where Bayer HealthCare's German sales function, Bayer Vital, is based. In addition, it is also planned to relocate two units of Bayer HealthCare's Pharmaceuticals Division from Wuppertal and Leverkusen to the future headquarters of Bayer Schering Pharma in Berlin. The areas in question are the Primary Care business unit and the European sales units for Oncology and Hematology/Cardiology.

Measures affecting the sites in Germany will now be implemented, as in the other countries, in accordance with the relevant legal requirements. It is not yet possible to issue concrete statements on headcounts and schedules.

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