



## Investor News

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### **Bayer MaterialScience raises prices for Apec<sup>®</sup>, Makrolon<sup>®</sup>, Bayblend<sup>®</sup> and Makroblend<sup>®</sup> polycarbonates**

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**Leverkusen / September 1, 2006** – Bayer MaterialScience AG is increasing sales prices for its Apec<sup>®</sup>, Makrolon<sup>®</sup>, Bayblend<sup>®</sup>, and Makroblend<sup>®</sup> brands of polycarbonates by EUR 0.20 per kilogram as of September 1, 2006. This applies to all deliveries in the EMEA / LA region (Europe, Middle East, Africa / Latin America). The decision by the Polycarbonates Business Unit to raise prices is largely motivated by continued increases in energy costs for manufacturing polycarbonate products. Added to this is high expenditure for logistics and transportation. The continuing increases in costs are so severe for Bayer MaterialScience that they cannot be compensated by internal measures to boost efficiency. Increasing prices also safeguards the ongoing investment necessary to provide optimum support in meeting the growing demand for engineering thermoplastics such as Apec<sup>®</sup>, Makrolon<sup>®</sup>, Bayblend<sup>®</sup>, and Makroblend<sup>®</sup>. Customers have been informed individually about the changes to their cost prices. Contractual obligations in existence at the time when the price increases come into effect remain unaffected.

With sales of EUR 10.7 billion in 2005, Bayer MaterialScience AG is one of the world's largest polymer manufacturers. Its main fields of activity are the production of high-tech polymer materials and the development of innovative solutions for products used in many areas of everyday life. The main consumer sectors are the automotive, electrical/electronics, construction, sports and leisure industries. Bayer MaterialScience has production facilities at 40 sites around the world and a workforce of approx. 18,800. Bayer MaterialScience is part of the Bayer Group.

Leverkusen, September 1, 2006

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**Forward-looking statements**

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### World Congress of Cardiology 2006:

#### **New phase II studies demonstrate that Factor Xa inhibitor rivaroxaban is a promising oral anticoagulant for chronic use**

- Largest Phase II dose-finding programme reported in this setting to date
  - Oral dosing without the need for monitoring might set a new standard for anticoagulation therapy
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**Leverkusen, Germany / Barcelona, Spain / September 5, 2006** – Results of an extensive Phase II programme of rivaroxaban (BAY 59-7939), a novel oral anticoagulant (Factor Xa inhibitor), for the treatment of deep vein thrombosis (DVT) and its secondary prevention, were presented, today at the World Congress of Cardiology 2006 in Barcelona, Spain\*. These important findings highlight the promising clinical potential of rivaroxaban for both acute and long-term anticoagulant care from hospital to home. Based on these research data the Phase III programme has been initiated.

“These data underlie our belief that once-daily rivaroxaban could lead to a change in the treatment paradigms in stroke prevention in atrial fibrillation and the treatment and secondary prevention of VTE areas where clinicians currently have no oral alternative to warfarin,” said Harry Büller MD PhD, of the Academic Medical Center, Amsterdam, principal investigator of EINSTEIN-DVT, and of the Phase III rivaroxaban programme for VTE treatment and secondary prevention.”

The Phase II dose-finding programme comprised two studies – ODIXa-DVT and EINSTEIN-DVT. The programmes enrolled a total of 1,156 patients with acute, symptomatic DVT and studied total daily doses of oral rivaroxaban in the range of 20 to 60 mg administered once daily in EINSTEIN-DVT and once and twice daily in ODIXa-DVT. The treatment plan was compared to a standard therapy of a

parenterally administered heparin (e.g. enoxaparin) followed by an oral vitamin K antagonist (e.g. warfarin) for up to 3 months.

In ODIxa-DVT, rivaroxaban reduced clot size (thrombus burden – the primary efficacy measure) after 21 days and at three months with low rates of venous thromboembolism (VTE) recurrence. Similar results were seen in the EINSTEIN-DVT study.

Overall, the rate of recurrent DVT was low across all groups and similar across all rivaroxaban doses, and there was similar efficacy between any of the rivaroxaban doses tested and standard therapy. Key findings from both studies include:

#### ODIxa-DVT

- Recurrent DVT rates ranged from 0.9% to 1.0% for rivaroxaban vs. 0.9% with the comparator.
- Major bleeding rates ranged from 1.7% to 3.3% in the highest 60 mg dose vs. 0.0% with the comparator.

#### EINSTEIN-DVT

- Recurrent DVT rates ranged from 0.8% to 1.7% vs. 6.9% with the comparator.
- Major bleeding rates ranged from 0.0% to 1.5% with rivaroxaban and 1.5% with the comparator.
- Observed Symptomatic VTE events (VTE-related death, pulmonary embolism and recurrent DVT) were lower with all rivaroxaban doses tested than with the comparator (1.7–3.6% vs. 6.9%).
- There was no clinically significant difference with bleeding ranging from 2.2% to 6.0% with rivaroxaban vs. 8.8% with the comparator.

Low rates of bleeding were reported across the entire programme and there was no clinically relevant difference between any rivaroxaban dose tested and standard therapy. No dose arm studied was discontinued because of a lack of efficacy or safety concerns. In these 3-month studies for DVT treatment no signal for untoward effects of rivaroxaban on liver function was observed.

“I am very encouraged given the size and design of the programme,” said Robert Califf MD, director of the Duke Clinical Research Institute at the Duke University Medical Center, Durham, NC, USA and principal investigator for the Phase III clinical programme for stroke prevention in atrial fibrillation. “I look forward to working closely with Dr. Keith Fox from the University of Edinburgh Centre for

Cardiovascular Science, Edinburgh University, Bayer and Ortho-McNeil to evaluate the clinical effectiveness of this exciting new drug. We are hopeful that this new mechanism will lead to safer and more predictable anticoagulation than warfarin, and this programme is designed to make a definitive comparison of this new approach compared with the old standard of care."

Rivaroxaban is already in Phase III clinical development for the primary prevention of VTE after major elective orthopaedic surgery. The RECORD (REGulation of Coagulation in major Orthopaedic surgery reducing the Risk of DVT and PE) study programme began in December 2005 and recruitment is on track and progressing well. First filing for market authorization in this indication is planned in late 2007.

#### **About rivaroxaban (BAY 59-7939)**

Rivaroxaban is a novel, oral, direct Factor Xa inhibitor that could potentially reduce the risk of life-threatening thromboembolic events. Factor Xa (the target enzyme) is a protease that acts at the pivotal point in the coagulation cascade (the process that leads to clot formation).

Published results show that rivaroxaban offers predictable anticoagulation across a wide range of parameters, which strongly suggests that routine coagulation monitoring will not be required. In addition, data also show that rivaroxaban does not interact with a wide variety of drugs that are commonly given concomitantly with an anticoagulant.

#### **Bayer HealthCare**

Bayer HealthCare, a subsidiary of Bayer AG, is one of the world's leading, innovative companies in the health care and medical products industry based in Leverkusen/Germany. In 2005, the Bayer HealthCare subgroup generated sales amounting to some 9.4 billion Euro. Bayer HealthCare employed 33.800 people worldwide in 2005.

The company combines the global activities of the divisions Animal Health, Consumer Care, Diabetes Care, Diagnostics and Pharmaceuticals. Since January 1, 2006 the new Pharmaceutical Division consists of the former Biological Products and Pharmaceutical Division and now comprises three business units: Hematology/Cardiology, Oncology and Primary Care.

Bayer HealthCare's aim is to discover and manufacture products that will improve human and animal health worldwide. The products enhance well-being and quality of life by diagnosing, preventing and treating diseases.

\* Agnelli et al. Eur Heart J 2006; 27(suppl):abstract 87447, Büller. Eur Heart J 2006; 27 (suppl):abstract 89702

Leverkusen, September 5, 2006

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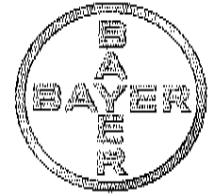
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### Bayer CEO Wenning at the inauguration of new production facilities in Shanghai

#### **“China is of central importance to Bayer”**

- Total capital expenditures of US\$ 1.8 billion at the Shanghai Chemical Industry Park through 2009
  - Significant capacity expansions for polycarbonates, polyurethanes and coating raw materials
  - Bayer’s largest capital expenditure project outside Germany
- 

**Shanghai / September 5, 2006** – At a ceremony on Tuesday before 500 guests, Bayer inaugurated the new production facilities of the Bayer MaterialScience subgroup in Shanghai. “China is of central importance to Bayer in the Asia-Pacific region – both as a production base and for our business strategy,” said Management Board Chairman Werner Wenning, underlining the country’s significance for Bayer. The project at the Shanghai Chemical Industry Park represents a total capital expenditure volume of about US\$ 1.8 billion through 2009, explained Wenning in the presence of numerous guests from politics, industry and the media: “This is our biggest-ever project outside of Germany.”

At the inauguration ceremony attended by leading representatives of the City of Shanghai, the entire Management Board of Bayer AG and journalists from Asia and Europe, Wenning said: “The integrated Bayer site in Shanghai is developing into our biggest and most technically advanced production site in the entire Asia-Pacific region. In turn, this region – and particularly China – is one of the most important future markets for the Bayer Group, a market that is set to become even more significant and dynamic.” Wenning said the newly inaugurated facilities of Bayer MaterialScience will add substantially to production capacities.

Bayer MaterialScience CEO Dr. Hagen Noerenberg described the remarkable perspectives offered by the integrated site: “In the future this site will supply customers throughout the region with approximately 900,000 tons of plastics products a year. Our long-term commitment to the Chinese market and our customers here is a strategic cornerstone of our activities. We aim to play a leading role in advancing the Chinese plastics industry through our products, technologies and employee training.”

In these respects the company expects the new production facilities to play a key role. Dr. Jürgen Dahmer – Senior Bayer Representative for Greater China and Senior Representative for Bayer MaterialScience in China, and thus “landlord” of the Shanghai site – presented the details of these plans in his welcoming address. The existing facilities will now be supplemented by

- a world-scale polycarbonate production unit with a starting capacity of 100,000 tons per year,
- the first polyurethane facility at the Bayer site – a crude MDI (diphenylmethane diisocyanate) splitter with a capacity of 80,000 tons per year and
- a production unit for HDI (hexamethylene diisocyanate) with an initial capacity of 30,000 tons per year.

The **polycarbonate facility** for the manufacture of Bayer’s high-tech material Makrolon<sup>®</sup> represents a capital investment of US\$ 450 million. There are already plans to expand the capacity of this facility, which will primarily supply customers in the region, to 200,000 tons per year by 2008. Makrolon<sup>®</sup> is used in the manufacture of CDs, DVDs, automotive glazing and many other applications. It is also used in the construction industry: for example, the futuristic roof of the Tianjin Olympic Center Stadium will be made of Makrolon<sup>®</sup> polycarbonate. The company is confident that the material will be used at other sports arenas as well.

The Asia-Pacific region is the biggest market for polycarbonate in terms of volume, with 1.5 million tons sold last year, more than half the world market of 2.7 million tons. Of this volume, Greater China alone accounts for 650,000 tons, with consumption growing at around 18 percent a year.



**Polyurethane raw materials** are a further focus of production at the site. These MDI-based intermediates are used in the production of rigid foam for thermal insulation, among other applications. The inaugurated facility – a “splitter” that separates crude MDI into monomeric and polymeric MDI – is just the beginning. A large-scale MDI production facility with a capacity of 350,000 tons per year, due on stream in 2008, will be the largest of its kind in the world. Also planned is a production facility for the intermediate TDI (toluene diisocyanate), which is used to manufacture flexible foams for applications such as car seats, mattresses and furniture. With a capacity of 160,000 tons per year, this plant is expected to come on stream in 2009.

Bayer began its production activities at the site in 2003 with **coating raw materials**, for which capacity currently is 22,500 tons per year. The company will now be able to produce another 30,000 tons of the raw material HDI, with the option of expanding this capacity by a further 20,000 tons. Polyurethane-based coatings today offer the best performance spectrum. They are used, for example, on the Lupu Bridge – Shanghai’s most famous landmark – or in high-tech automotive coatings to provide long-term protection against weathering.

### **International news conference**

At a news conference attended by journalists from around the world, Wenning had already outlined the corporate context of the investment projects in Shanghai. After explaining the Bayer Group’s overall strategic realignment, Wenning emphasized the leading positions it holds worldwide in the areas of health care, nutrition and high-tech materials. Bayer had global sales of EUR 27.4 billion in 2005.

The strategic strengthening of the health care business through the acquisition of Schering for approximately EUR 17 billion puts Bayer in seventh position among suppliers of specialty pharmaceuticals, Wenning commented. With Bayer CropScience the world market leader in conventional crop protection and Bayer MaterialScience the number one in polyurethanes and the number two in polycarbonates, Bayer has a highly competitive portfolio, he said. “This portfolio enables us to fully capitalize on our value creation potential, particularly in the Asia-Pacific region,” the Bayer Chairman explained.

### **Bayer has annual sales of EUR 4.6 billion in Asia-Pacific**

Bayer's sales in the Asia-Pacific region climbed by 15.5 percent in 2005, to EUR 4.6 billion, which means the region accounts for 17 percent of the Group's business. The group has 55 subsidiaries and affiliates in the region, some 14,200 employees, and last year served nearly every local market. Headcount has since risen to about 18,000, including 2,900 Schering employees.

Thanks to high growth rates, the Greater China country group – which includes the People's Republic of China, Hong Kong and Taiwan – already generates 28 percent of Bayer's sales in the region, putting it in second place behind Japan. The number of employees has jumped from 3,700 to 4,900 over the past year, including about 600 Schering employees. It is planned to create more new jobs.

### **High growth rates for Bayer in China**

Bayer's sales in Greater China grew by 24 percent in 2005, to EUR 1.26 billion. According to Wenning, this shows "that Bayer is participating in the region's dynamic economic growth. And this positive trend is continuing: our sales here showed a 22 percent year-on-year gain in the first half of 2006, to EUR 714 million."

Bayer MaterialScience contributed by far the largest share of sales in the first six months, with revenues of this subgroup advancing by 18 percent to EUR 524 million. BMS is targeting sales in excess of EUR 1 billion for the year as a whole. The CropScience subgroup raised sales by 33 percent, with Bayer HealthCare sales growing even faster at 39 percent. The increase at HealthCare was driven mainly by the Pharmaceuticals Division. Including the Schering activities, Bayer ranks fifth among international pharmaceutical suppliers in China.

### **"Bayer's Solutions for China's Needs"**

Bayer plans to invest US\$ 26 million to enlarge HealthCare production facilities in Beijing, Wenning announced. The company is thus making good on the motto "Bayer's Solutions for China's Needs", a regional variation on the global slogan "Bayer: Science For A Better Life". As an example of Bayer's commitment to China, the Management Board Chairman mentioned the diabetes initiative of

Bayer HealthCare. About 40 million Chinese already suffer from diabetes, and this disease will affect an estimated 50 million people there by 2008. In “diabetes houses,” Bayer offers patients improved access to diagnosis, treatment, monitoring and consulting services. The medicine Glucobay to treat diabetes is the top-selling product on the Chinese pharmaceuticals market, Wenning said.

For 50 years, the Bayer CropScience subgroup has offered innovative, high-quality products and solutions for local agriculture needs in China. As part of the Agricare initiative, the company trains Chinese farmers in the proper use of crop protection products.

Bayer MaterialScience strives to further improve cooperation with Chinese customers in the development of new applications. To this end, BMS is expanding the Polymers Research and Development Center in Shanghai-Pudong, Wenning explained. The aim is to create an innovative “campus” for all BMS products and applications that is unique in the world.

### **Sustainable development applies to Bayer worldwide**

Wenning emphasized the importance of sustainable-development principles. Bayer strives to uphold the highest possible standards in health, safety and environmental compatibility. This applies worldwide and is thus also valid for the facilities at the Shanghai site, Wenning said, with social responsibility being another fundamental aspect of Bayer’s corporate policy.

The Bayer Management Board Chairman thanked the Chinese authorities, particularly the Shanghai city administration, saying their cooperation and support are essential to the project’s successful implementation.

Wenning also had special words of appreciation for Bayer’s employees and partners, whom he thanked for their enduring cooperation, dedication and commitment. He said it was that commitment that enabled the facilities to be inaugurated on schedule.

Leverkusen, September 5, 2006

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