



## Investor News

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### **Bayer still aims to secure a majority holding in Schering**

- Wenning: “We’re ready for the second round”
  - “Mandatory offer” to Schering stockholders in preparation
  - Suit for damages filed against Merck for violating U.S. capital market law
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**Leverkusen / June 14, 2006** – Bayer AG still aims to wholly acquire Schering AG and is preparing to launch a “mandatory offer” if the current takeover offer proves unsuccessful. This means Bayer must make a new offer to all Schering stockholders to acquire the shares they still own because Bayer now holds more than 30 percent of Schering stock, purchased at prices of up to EUR 88 per share. This also includes the shares tendered by Allianz. Bayer has chosen this course of action on the assumption that Merck will not tender the shares it now owns under the current takeover offer.

“The road has gotten rougher, but we’re not losing sight of the clear aim we set ourselves: our plan is to combine our pharmaceutical activities with those of Schering to form a world-class German pharmaceutical company,” said Bayer Management Board Chairman Werner Wenning. “We will do everything we can to clarify the situation as quickly as possible and prevent Merck’s tactics from harming the future development of the successful company Schering.”

The Bayer CEO again made it clear that his company places great importance on preserving Schering, its tradition-rich name and its location in the German capital Berlin. “We will continue to put up a good, fair fight for Schering because we are convinced that together we can create value from which everyone benefits: Schering, Bayer and our stockholders, and also Germany as a location for the pharmaceutical industry,” said Wenning.

In addition, Bayer filed suit for damages against Merck on Tuesday in New York. “The effect of Merck’s tactics has been to withhold important information from the financial markets, putting Schering stockholders at a disadvantage and harming Bayer,” explained Bayer AG General Counsel Dr. Roland Hartwig. He said Merck had failed to disclose its strategic intentions in violation of U.S. law, thus leaving investors and the parties to the takeover uncertain as to that company’s objectives.

Merck’s dubious tactics are illustrated by the sequence of events: on March 23 Bayer announced its friendly takeover offer, which has the support of both the Management Board and the Supervisory Board of Schering and exceeds Merck’s hostile takeover bid by 12 percent. A few hours after Bayer’s announcement, Merck declared its withdrawal from the bidding, both publicly and also in a letter to the Bayer Management Board Chairman, saying one of its reasons for doing so was that the price of EUR 86 could not be justified.

Then, however, toward the end of the acceptance period for Bayer’s offer, Merck purchased huge numbers of Schering shares at prices similar to the offer price without enlightening the financial markets as to the background to this action. Thus Merck concealed from the public its true intentions as an additional bidder. First signaling a withdrawal and then reviving its bid without proper explanation violates both the letter and the spirit of capital market law.

“By not announcing its intentions in purchasing the shares, Merck has failed to comply with the requirements of the U.S. capital market,” explained Hartwig.

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