

## **Bayer taking additional steps to realign cost base of Pharmaceutical Business**

Announces EUR 400 million reduction in operating costs / includes staff reductions and consolidation of production facilities.

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**Leverkusen** – Bayer today announced additional initiatives intended to realign the cost structure of its pharmaceuticals operations. The company said it plans to trim operating costs by an additional EUR 400 million within the next 18 months, principally through staff reductions and consolidation of production facilities.

Approximately 1,300 positions in its worldwide Pharmaceutical staff will be effected. These latest cuts are in addition to the 1,300 job reductions Bayer announced last October, following the withdrawal of Lipobay<sup>®</sup>/Baycol<sup>®</sup>. Bayer also plans to rationalize its global manufacturing site strategy.

"The steps we are taking today are consistent with our desire to put the pharmaceutical business back on a solid footing," said Werner Wenning, Chairman of the Board of Management of Bayer AG, Leverkusen. "Clearly there is much work yet to be done and we continue to look for partnerships. We are committed to this business and its new management team."

The initiatives announced today are the latest in a series of restructuring measures taken by the Pharmaceuticals business. Other measures have included the divestment of its generics businesses in France and Spain and the reorganization of the pharmaceutical sales and marketing force in the United States. As part of this initiative, Bayer has significantly increased its presence in the men's health and anti-infectives markets by setting up dedicated field forces.

"Taking these important steps will help us realign our business to market conditions and put Pharma back on a firm basis," said Dr. Wolfgang Plischke, General manager of Bayer's Pharmaceutical Division.

Bayer is an international, research-based group with core businesses in health care, crop science, polymers and specialty chemicals. It employs some 117,000 people throughout the world. In 2001 Bayer had sales of EUR 30.3 billion and net income of EUR 965 million. Capital expenditures amounted to EUR 2.6 billion, R&D spending to EUR 2.6 billion. The Bayer Group stock is a component of the DAX and is listed on the New York Stock Exchange (ticker symbol: BAY).

Leverkusen, May 22, 2002