

Bayer



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Investor News

GSK's Levitra Co-Promotion Rights Transferred Back to Bayer in Most Major Markets Outside the U.S.

Leverkusen, Germany / London, UK / January 10, 2005 - Bayer HealthCare (BIIC) and GlaxoSmithKline plc (GSK) [LSE and NYSE: GSK] today announced an agreement under which GSK's Levitra[®] (vardenafil HCl) co-promotion rights have transferred back to Bayer in certain markets outside the U.S. This agreement impacts major markets in Europe, Asia Pacific, Africa, Latin America and Canada where the product is currently co-promoted by Bayer and GSK.

There is no change in the U.S. arrangement under which GSK and Bayer (through its distributor Schering-Plough) now co-promote Levitra. Similarly, there will be no change to the co-marketing arrangement in Italy where Bayer markets the product as Levitra[®] and GSK markets it as Vivanza[®], or in countries where one of the companies markets the product exclusively.

Under the terms of the agreement, Bayer will pay 208 million euros to buy back European and international co-promotion rights from GSK. Bayer expects the transaction to add to its earnings in 2006, and to have an estimated negative impact of 118 million euros on earnings before interest and taxes (EBIT) in the first quarter of 2005. The 90 million-euro difference results from the offsetting of one-time payments already made.

"Today's decision to buy back Levitra co-promotion rights is a logical step to enhance Bayer HealthCare's Pharmaceuticals group in Europe, Latin America and Asia where we have a strong primary care organization with the capacity and the commitment to fully maximize the potential of our primary care portfolio, which includes Levitra," explained Wolfgang Plischke, Head of Bayer HealthCare's Pharmaceuticals Division.

David Stout, President, Pharmaceutical Operations for GlaxoSmithKline, said, "This agreement represents an opportunity for GSK and Bayer to realise the maximum potential value from Levitra. GSK will continue to be actively involved in marketing the product in the US, Italy and 26 other countries worldwide, and both companies remain firmly committed to its commercial success. The relationship between GSK and Bayer remains strong."

About Bayer HealthCare:

Bayer HealthCare AG, a subgroup of Bayer AG with sales of approximately 8.9 billion euros in 2003, is one of the world's leading innovative companies in the health care and medical products industry.

The company combines the global activities of the divisions Animal Health, Biological Products, Consumer Care, Diabetes Care, Diagnostics and Pharmaceuticals. More than 34,000 people are employed by Bayer HealthCare worldwide. Our aim is to discover and manufacture innovative products that will improve human and animal health worldwide. Our products enhance well-being and quality of life by diagnosing, preventing and treating disease.

About GSK:

GlaxoSmithKline - one of the world's leading research-based pharmaceutical and healthcare companies - is committed to improving the quality of human life by enabling people to do more, feel better and live longer.

Leverkusen and London, January 10, 2005

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Forward-looking statements

This news release contains forward-looking statements based on current assumptions and forecasts made by Bayer Group management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in our public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including our Form 20-F). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.