Bayer

Investor News

Bayer AG
Investor Relations
51368 Leverkusen
Germany
www.investor.bayer.com

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Planned acquisition of Schering AG:

Bayer launches new bond issues to replace a further part of the bridge financing

Loan syndication successfully completed

Leverkusen / May 11, 2006 – Bayer AG has made further progress toward financing its planned acquisition of Schering. Following the issuance of a mandatory convertible bond on March 29, 2006, the company has now successfully syndicated a loan representing one of the two credit facilities of EUR 7 billion each which have been arranged with Credit Suisse and Citigroup to finance the transaction. The loan has been syndicated to a small group of 11 banks (including Credit Suisse and Citigroup). "We are especially pleased that all the banks we approached have participated in the syndication," commented CFO Klaus Kühn.

Bayer's next step will be to launch bond issues on the European capital markets in order to replace a further part of the bridge financing, the second of the two credit facilities. It is intended to launch the bonds in three tranches, which will each be of benchmark size: a three-year Eurobond issue with a floating interest rate; a seven-year fixed-interest Eurobond issue; and a twelve-year fixed-interest sterling bond issue. All these issues are to be launched under the recently updated EMTN program with a minimum denomination of EUR 50,000 and GBP 50,000, respectively, and listed on the Luxembourg Stock Exchange.

Bayer is taking this step in order to benefit from currently favorable market conditions and at the same time broaden its investor base in Europe by way of its first sterling bond issue. Issuance will take place in the near future, subject to market conditions, and will be preceded by a three-day European road show beginning on Monday, May 15, 2006. "Within a short time we will thus have taken three major steps toward completing the financing of the Schering acquisition," explained Kühn.

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<u>Bayer AG, Investor Relations contacts:</u>

Dr. Alexander Rosar (+49-214-30-81013)
Dr. Juergen Beunink (+49-214-30-65742)
Peter Dahlhoff (+49-214-30-33022)
Ilia Kürten (+49-214-30-35426)
Ute Menke (+49-214-30-33021)
Judith Nestmann (+49-214-30-66836)

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