



Bayer announces the launch of a EUR 2 billion subordinated mandatory convertible bond

Leverkusen, March 29, 2006

The Bayer AG supervisory board authorised the issuance of a EUR 2 billion subordinated bond, mandatorily convertible into shares of Bayer AG, due June 2009. The security will be issued by Bayer Capital Corporation B.V., Mijdrecht.

The accelerated bookbuilding launched this morning is expected to close during the course of today. The lower conversion price, the coupon and the conversion premium will be determined and announced immediately following pricing of the bond. The issuance volume of EUR 2 billion can be increased by up to EUR 300 million if the overallotment option is exercised.

The bond is subordinated and will enjoy a subordinated guarantee from Bayer AG. The bond will mandatorily convert into new shares, created from the existing conditional capital of Bayer AG, at maturity in June 2009. The mandatory convertible bond will be issued without pre-emptive rights for existing shareholders.

The mandatory convertible bond is expected to carry an annual coupon within a range of 6.25 to 6.75%. It is further expected that the conversion premium on the minimum conversion price will be in the range of 16 – 20%, which yields then the higher conversion price. Bayer AG will benefit from an increasing share price up to the maximum conversion price as a lower number of shares will have to be issued upon conversion.

Bayer AG expects that the bond will receive a high equity credit treatment from rating agencies.

The net proceeds will be used among others as part of the financing of the intended acquisition of Schering AG and is part of the previously announced equity capital raising measures of up to EUR 4 billion. The bond will be sold in a private placement to institutional investors outside of the United States of America, Canada, Japan, Australia and Italy only.

In connection with the issuance of the mandatory convertible bond Bayer AG will commit not to issue any further equity capital or bonds convertible into equity capital during a period of 90 days.

Bayer AG
Board of Management

Bayer AG
D-51368 Leverkusen
Germany

ISIN: DE0005752000
WKN: 575 200

Listing: Official market Frankfurt sub-segment entailing additional post-admission obligations (Prime Standard) Berlin-Bremen, Düsseldorf, Hamburg, Hannover, München und Stuttgart; Swiss Exchange; London; Madrid; New York

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Important information

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