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Pfizer Signs Agreement with Bayer to License Compounds for Potential Treatment of Obesity, Diabetes and Related Disorders

Leverkusen / June 14, 2006 – Pfizer Inc. and Bayer Pharmaceuticals Corporation (BPC), the U.S. subsidiary of Bayer HealthCare, announced today that they have entered into an agreement granting Pfizer exclusive worldwide rights to Bayer's DGAT-1 inhibitors, an innovative class of compounds that modify lipid metabolism. The lead compound in the class, BAY 74-4113, is a potential treatment for obesity, type 2 diabetes and other related disorders. The compound is currently in Phase I clinical development in Europe.

"Obesity and diabetes are expanding hand-in-hand at near epidemic levels throughout the world and the need for new treatment options for patients has never been greater," said Martin Mackay, Ph.D., senior vice president, Worldwide Research & Technology for Pfizer. "We are excited about the potential of the DGAT-1 inhibitors in the areas of obesity and type 2 diabetes which complement Pfizer's ongoing metabolic disease research programs."

According to Dr. Gunnar Riemann, Head of Bayer HealthCare's Pharmaceuticals Division, "This licensing agreement with Pfizer validates the quality of our expertise in research. Our decision to outlicense this promising candidate is in line with our focus on specialty pharmaceuticals."

An estimated 194 million people have either type 1 or 2 diabetes, according to the International Diabetes Federation, and the World Health Organization estimates that by 2025 the number of people with diabetes will exceed the current U.S. population. Type 2 diabetes is the most common and fastest growing form of the disease and it is often complicated by obesity.

Under the terms of the agreement, Bayer will receive an upfront fee, milestone payments and royalties on sales of any compounds successfully commercialized. Specific financial terms were not announced. The agreement is subject to approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and is expected to close in the second half of 2006.

Bayer HealthCare

Bayer HealthCare, a subsidiary of Bayer AG, is one of the world's leading, innovative companies in the health care and medical products industry based in Leverkusen/ Germany. In 2005, the Bayer HealthCare subgroup generated sales amounting to some 9.4 billion Euro. Bayer HealthCare employed 33.800 people worldwide in 2005.

The company combines the global activities of the divisions Animal Health, Consumer Care, Diabetes Care, Diagnostics and Pharmaceuticals. Since January 1, 2006 the new Pharmaceutical Division consists of the former Biological Products and Pharmaceutical Division and now comprises three business units: Hematology/ Cardiology, Oncology and Primary Care.

Bayer HealthCare's aim is to discover and manufacture products that will improve human and animal health worldwide. The products enhance well-being and quality of life by diagnosing, preventing and treating diseases.

Leverkusen, June 14, 2006

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Forward-looking statements

Bayer

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

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.

Leverkusen, June 14, 2006

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