



Ad-hoc Announcement

Bayer enters strategic pharmaceuticals alliance with Schering-Plough

- Regional marketing and distribution agreement in the U.S. and Japan
 - Repositions the pharmaceuticals business in the U.S.
 - Creates Oncology Business Unit with global responsibility
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Leverkusen, September 13, 2004 – Continuing the systematic realignment of its HealthCare business, Bayer has entered a broad pharmaceuticals alliance with U.S.-based Schering-Plough Corporation. Under the terms of the agreement, Bayer's primary care products Avelox, Cipro and Adalat (and other smaller established primary care products) will be marketed and distributed by Schering-Plough in the U.S. Schering-Plough will also undertake on Bayer's behalf the U.S. commercialization activities for Levitra, which is marketed under a co-promotion agreement between Bayer HealthCare and GlaxoSmithKline PLC.

Bayer and Schering-Plough have also committed to a co-marketing agreement for Japan for future promotion of a Schering-Plough cardiovascular product, Zetia, currently under regulatory review. At the same time Bayer will establish a new U.S.-based global Oncology business unit, and under the agreement will promote certain Schering-Plough cancer products. The agreement covers only those Bayer products already approved, not those in development.

Bayer HealthCare will further focus its U.S. pharmaceuticals business on high-profit specialty and biotech products with specialist physicians. In addition to Oncology products, the portfolio will be comprised of Kogenate FS and Trasylol.

Bayer estimates that approximately 1,800 U.S.-based Bayer primary care sales and marketing positions will be impacted – either through transfer to Schering-Plough or through reductions.

Bayer will also establish a new global Oncology business unit that will prepare for the anticipated approval and market launch of the development candidate BAY 43-9006. Under the agreement Bayer will also be compensated to promote certain Schering-Plough cancer products in the United States and key European markets for a certain period of time. Bayer's Viadur will be aligned with the Oncology unit.

Both parties anticipate that the agreements will become effective on October 1, 2004 and will work to complete the transition as soon as possible. Triggered by the reduction of positions and extra one-time spendings Bayer will incur one-time costs in the range of €50 to 70 million, the majority will occur in 2004. The agreement is expected to be accretive in subsequent years.

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Forward-looking statements

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