

Bayer acquires new fungicide from Novartis

FLINT[®] product line has blockbuster potential /

Annual sales expected to reach EUR 300 million

Leverkusen – Bayer aims to achieve a sustained enhancement of its crop protection business – a key element of its life-science activities – through the acquisition of the FLINT[®] strobilurin product line from Novartis for CHF 1.333 billion (EUR 880 million). This promising fungicide from a novel active substance class will give Bayer a further blockbuster product, as the sales potential for the FLINT[®] line is estimated at about EUR 300 million per year.

"This acquisition is part of our strategy of investing in our core businesses and their growth markets. The move will allow us to enhance the competitive strength of our Crop Protection Business Group and further increase its already significant profit contribution," commented Bayer CEO Dr. Manfred Schneider. The European Commission has approved Bayer as the purchaser, but the transaction is still subject to the approval of the US Federal Trade Commission (FTC), and of several other national competition authorities.

The FLINT[®] purchase includes global ownership of all associated intellectual property rights, registrations and trademarks as well as production and formulation know-how. Bayer will also take over production facilities and its 90 employees in Muttenz, Switzerland. As part of the deal, Bayer is also acquiring the exclusive right to market products based on the active ingredient cyproconazole in the EU. Currently sold as ALTO[®], this azole fungicide has been launched in all major EU markets.

According to Dr. Jochen Wulff, General Manager of Bayer's Crop Protection Business Group, this acquisition is a key strategic move and will further strengthen Bayer's global market position. "FLINT[®] fits extremely well into our present product portfolio, and it puts us in a position to provide our customers with complete and highly efficient solutions. The sales potential of the FLINT[®] product line will be further enhanced by new product combinations, especially with compounds from our own pipeline. Once again, this will make Bayer the technology leader in the fungicides sector."

The properties of the FLINT[®] line are superior to currently available fungicides, and the product covers a broad range of crop applications. FLINT[®] has

already been registered in 35 countries, including important markets like the United States and the United Kingdom. Global launch is expected to be completed by 2003.

As a result of the FLINT[®] line's novel mode of action and outstanding biological performance, the product has gained rapid market acceptance and brand awareness. Bayer expects to exploit the full blockbuster potential of the FLINT[®] product line within the next three years. FLINT[®] will ideally complement Bayer's top selling Folicur[®] fungicide line.

Novartis is divesting its FLINT[®] line of fungicides, including the rights to the sale of straight cyproconazole, to meet anti-trust requirements tied to the company's plans to merge its agribusiness with that of AstraZeneca to form Syngenta.

Bayer is an international, research-based group with major businesses in health care, agriculture, polymers and specialty chemicals. With some 120,000 employees worldwide, the Group recorded net income of EUR 2 billion on sales of EUR 27.3 billion in 1999. For the current year, EUR 2.4 billion is budgeted for capital expenditures and EUR 2.2 billion for research and development. Bayer's Crop Protection Business Group is one of the world's leading suppliers of crop protection products, with sales in 1999 of EUR 2.2 billion.

Leverkusen, October 17, 2000

Bayer to acquire FLINT[®] strobilurin fungicide from Novartis

The acquisition of the FLINT[®] product line will strengthen Bayer's position in the fungicide market and take us from number 4 to the number 2 position in that field.

FLINT[®] (Trifloxystrobin) is a second generation broad spectrum strobilurine type fungicide with improved protective and curative properties against main plant diseases.

A sales potential of up to € 300 million is to be realised within the next 3 years.

Sales of the FLINT[®] product line in the second year after launch (2000) will be at about 15% of peak potential.

Purchase price: CHF 1,333 mill. (US\$ 760 mill./€ 880 mill.)

Closing of the deal is expected as soon as possible following the closing of the Syngenta merger.

The deal includes the right to sell Cyproconazole (currently sold as Alto[®]), a broad spectrum triazole fungicide, in the EU under Bayer own trademark.



Fungicides: A core business for Bayer

Bayer's current fungicide portfolio comprises a strong portfolio of broad and specific spectrum fungicides but lacking a strobilurin type product.

Active Ingredient	Main trade name	Crops
Tebuconazol	Folicur, Raxil	Cereals, rape, bananas, peanuts, grapes
Carpropamid	Win	Rice
Spiroxamine	Impulse, Prosper	Cereals, grapes
Iprovalicarb	Melody	Potatoes, tomatoes, grapes, tobacco
Fenhexamid	Teldor	Grapes, citrus, vegetables
Triadimenol	Bayfidan, Baytan	Cereals, coffee, grapes, pomes, hops
Propineb	Antracol	Vegetables, potatoes, tobacco, rice,
Bitertanol	Baycor, Sibutol	Bananas, pome and stone fruit, cereals
Pencycoron	Monceren	Rice, potatoes, sugar beat, cotton, vegetables
Triadimefon	Bayleton	Grapes, cereals, vegetables
Tolyfluanid	Euparen	Grapes, pome and stone fruit, vegetables

With sales of € 236 million (1999) Tebuconazole is among the world leading fungicides.

Strobilurins: A new class of fungicides is gaining market share

Originally isolated from cultures of the mushroom *Strobilurus tenacellus* chemical modification of the strobilurin core molecule resulted in new broad spectrum fungicides.

Main strobilurin products in the market are:

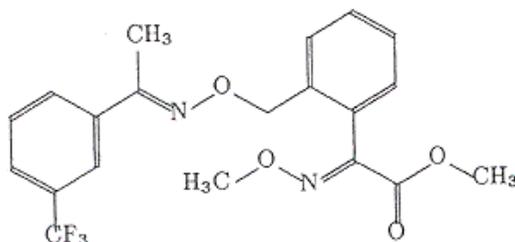
- Strobby® / BASF (kresoxim-methyl), launched 1996
- Amistar® / Zeneca (azoxystrobin), launched 1997
- Flint® / Novartis (trifloxystrobin), launched 1999

The strobilurin class of fungicides is projected to grow to € 1 bn in 2000 and achieve over € 1.25 bn annual sales revenues until 2005 (total fungicide market will grow 1-2% p.a.).

Main advantages of the strobilurins are

- Novel mode of action
- High activity against the major groups of fungal disease
- Activity on a wide range of crops
- Systemic action with outstanding preventive activity
- Excellent safety and environmental profile (FLINT® has reduced risk pesticide status in USA)

Trifloxystrobin (FLINT®): The latest member of the strobilurin group of fungicides



Profile:

Second generation broad spectrum strobilurine type fungicide with mesostemic activity resulting in improved protective and curative properties against main plant diseases.

Mode of action:

Cellular respiration inhibitor

Main crops:

Cereals, fruits & nuts, grapes, rice, bananas, turf

Tradenames:

Solo-Trifloxystrobin: FLINT®, TWIST®, TEGA®, COMPASS®

Mixtures: ECLAIR®, STRATEGO®, SPHERE®

Patent:

Substance patent until 2011

Registration:

1998: Switzerland, South Africa

1999: USA, Philippines

2000: UK, Ireland, Argentina, Germany (hops only)

Bayer 

Trifloxystrobin gives a perfect fit to Bayer's existing fungicide portfolio

The acquisition of the FLINT® product line will strengthen Bayer's position in the fungicide market and take us from number 4 to the number 2 position in that field.

Bayer will become technology leader in the field of fungicides.

Especially in cereals and fruit & vegetables, the main market segments for Trifloxystrobin, Bayer will achieve a strong and competitive position.

With its broad and balanced spectrum of disease control and the high efficacy even at low application rates, Trifloxystrobin is a powerful force in the € 5.4 bn fungicide market.

Co-formulations and tank mixtures of Trifloxystrobin with other products from our existing fungicide portfolio will ensure efficient resistance management.