

Bayer Pharma: Increasing profits now and in the future

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General Manager
Bayer Pharma**

Leverkusen, March 16, 2001

Improve Profitability

**Drive our
Key
Products**

**Increase
Efficiency**

**People
Communications
Culture**











Build the Pipeline

Increase in sales by €1.1 billion

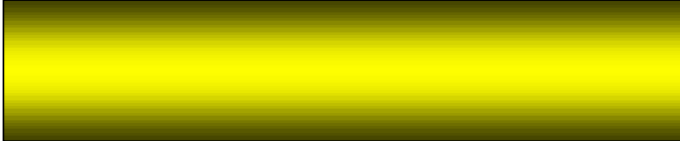

Net Sales in €Million	6,140
Growth 2000/1999 in €	+ 23 %
Growth 2000/1999 in LC	+ 11 %

Top 8 deliver 82% of Pharma Sales

Focus on North America delivers growth of 32% and increases share to 41%

Net Sales in EURO Million	Full Year 2000	± 1999	± LC	
USA		2,492	+31%	+14%
Japan		889	+33%	+9%
Germany		481	-2%	-2%
Canada		305	+38%	+19%
France		272	+18%	+18%
Italy		269	+10%	+10%
U.K.		182	+18%	+9%
Spain		149	+2%	+2%
Total Key Countries		5,039	+24%	+11%

Strong Growth in Future Markets

		Full Year 2000	± 1999	± LC
Net Sales in EURO Million				
Mexico		87	+46%	+26%
China		39	+36%	+21%

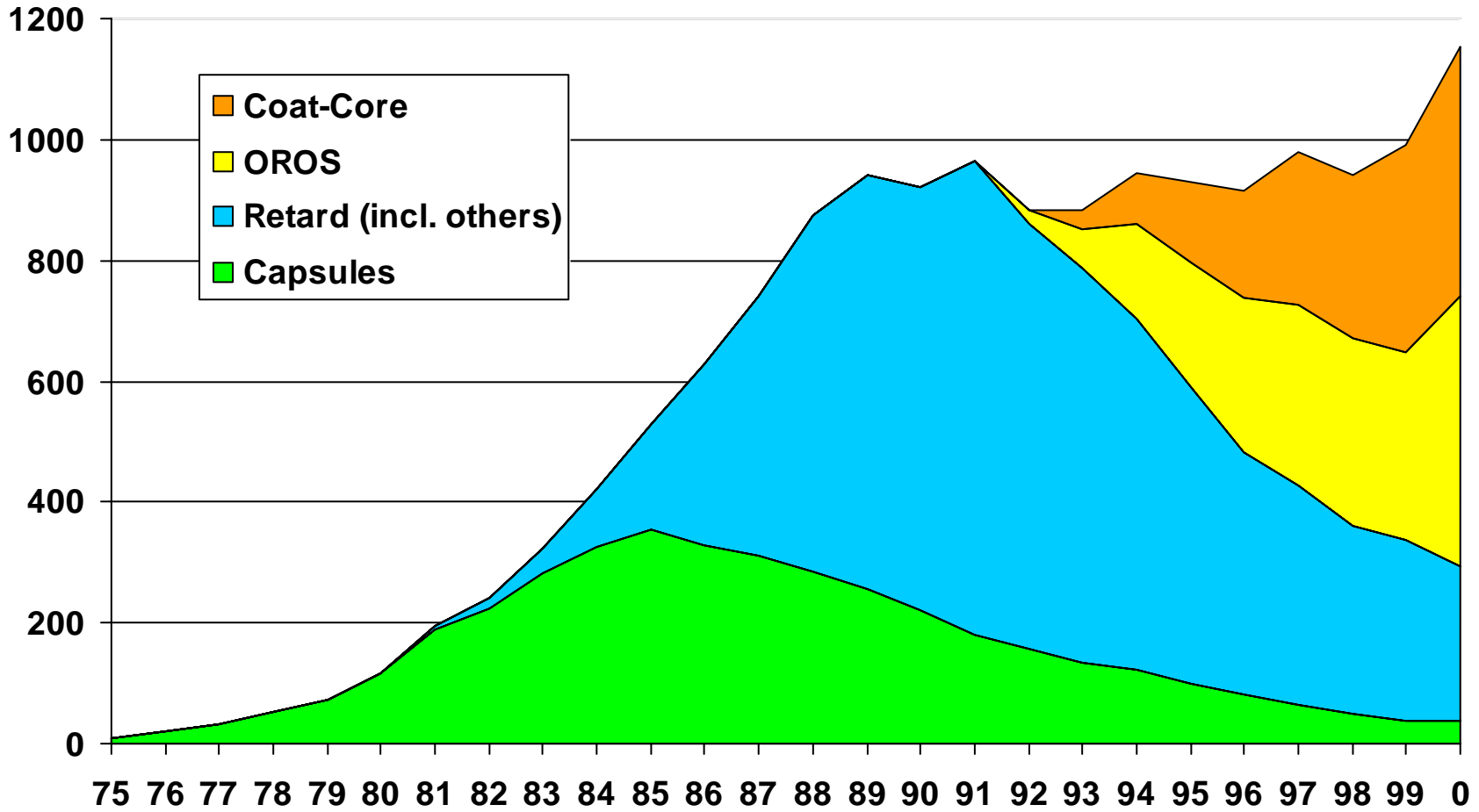
Excellent Life Cycle Management and Strong Launches

Top 10 deliver 85% of Pharma Sales

Net Sales in EURO Million	Full Year 2000	± 1999	± LC
Cipro [®]	1,785	+18%	+6%
Adalat [®]	1,155	+13%	+0%
Baycol [®]	636	+82%	+67%
Kogenate [®]	491	+30%	+17%
Gamimune [®]	350	+22%	+7%
Glucobay [®]	311	+12%	+2%
Prolastin [®]	140	+90%	+68%
Avelox [®]	132	•	•
Nimotop [®]	129	+1%	-3%
Trasylol [®]	104	+40%	+25%
Top 10 Products	5,233	+27%	+14%

Adalat® Life Cycle Management- Highest Sales in 2000!

(in €mio)



Compound Patent Expiry

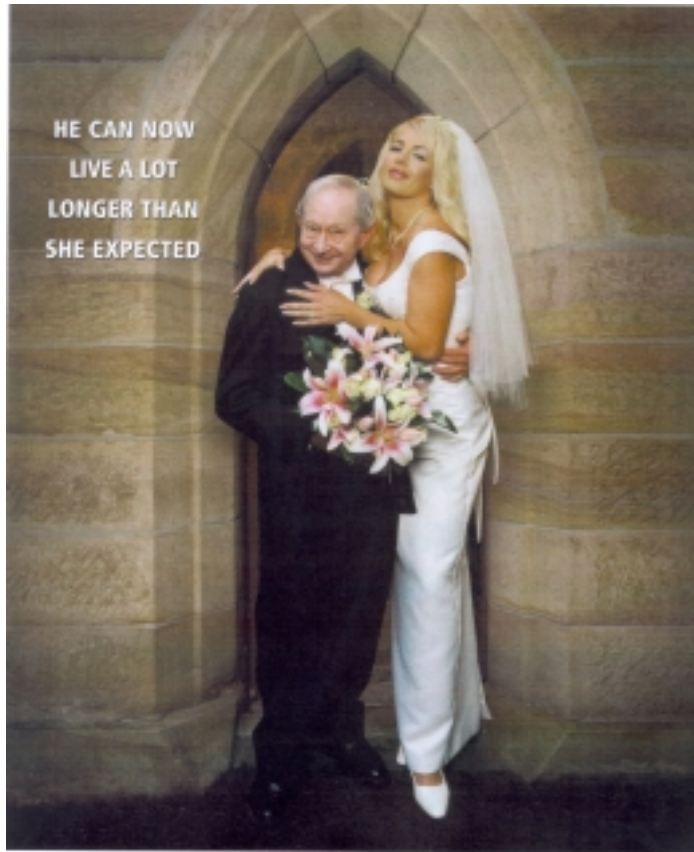
Adalat - World Class Life Cycle Management

- Effective Managed Care tactics in US
- Exciting results from the Adalat INSIGHT study ...

... leading to the concise and consistent positioning and promotion:

“Adalat Saves Lives”

Adalat® Saves Lives



HE CAN NOW
LIVE A LOT
LONGER THAN
SHE EXPECTED

The landmark Adalat XL® study demonstrates that Adalat XL® reduces cardiovascular events by approximately 50%*

Adalat® INSIGHT 2011

Australia



To help savour life



Real Results for Real Life
Adalat XL
release/extended release tablets

Canada

Bayer 



Adalat[®]: Major Patent Litigation ongoing in US

- Suits were triggered by Mylan, Elan, Biovail, LEK, Martec and Andrx each filing separate Abbreviated New Drug Applications (ANDAs) seeking FDA approval of generic versions of Bayer's Adalat CC and/or Pfizer's Procardia XL products.
- The Andrx suit was filed on November 9, 2000 based on their filing of an ANDA for generic version of Procardia XL 60 mg.
- The actions against Elan and Biovail continue.
- The suit against LEK was stayed and that against Martec was settled.
- A suit was filed on May 8, 2000 against Teva, Biovail and Elan Pharma and Elan Corp. based on Teva's commercial sale of Elan's 30 mg. generic to Adalat CC. This suit is continuing.
- Biovail commenced marketing of its Adalat CC 60 mg generic in December 2000. On February 16, 2001 suit was filed against Biovail and Teva based on Teva's commercial sale of this product.
- Biovail announced filing of ANDAs for inter alia Adalat CC 90 mg and Procardia XL 90 mg generic. We received the ANDA IV notifications on February 28, 2001 and we are evaluating our options which include filing suit.

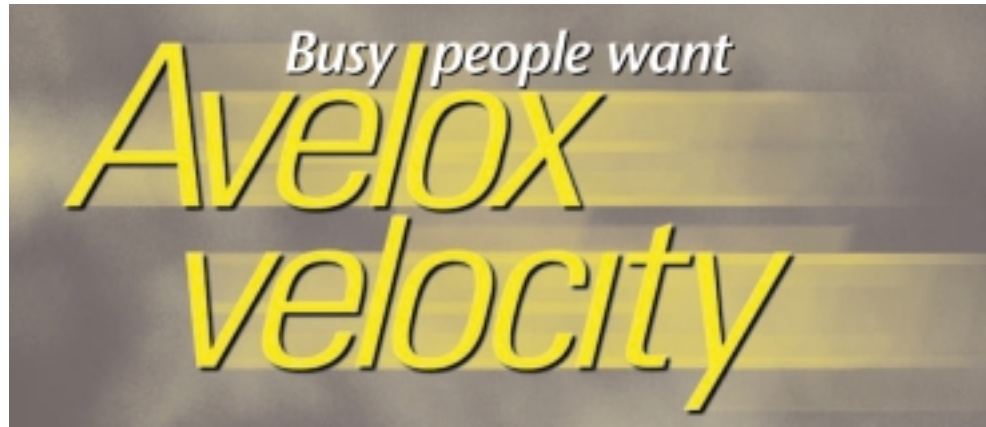


Adalat[®]: Successful Managed Care tactics in US

- US Sales of Adalat were maintained in 2000 at prior year levels
- Generic 30mg launched March 2000 Bayer retains 41% TRx
- Generic 60mg launched Dec 2000 Bayer retains 60% TRx
(End February 2001)
- US Sales Adalat CC 2000

	in Million \$	% Prior Year
➤ Total	307	+ 0%
➤ CC 30mg	83	- 15%
➤ CC 60mg	150	+ 11%
➤ CC 90mg	74	+ 20%

Avelox[®] : World Class Speed of Launch

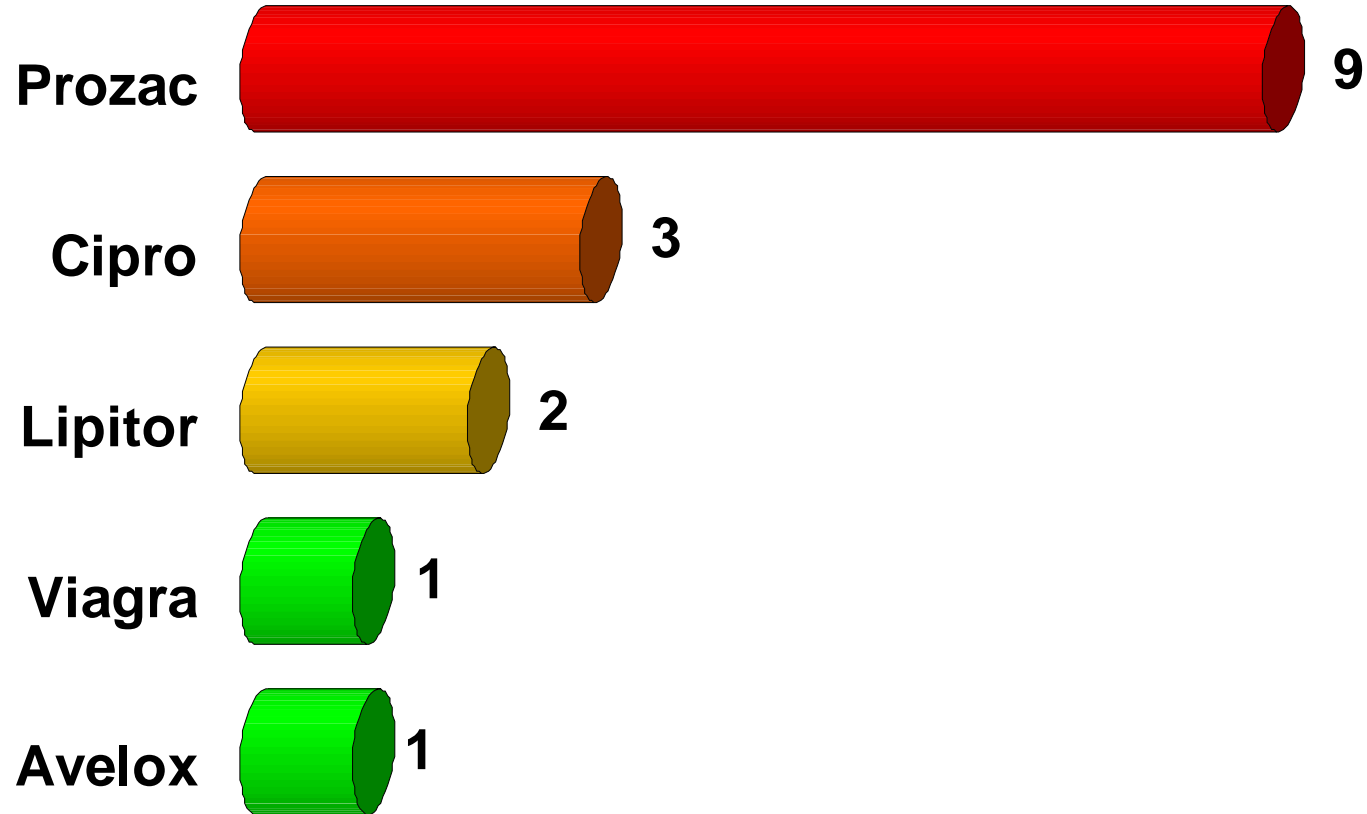


Submitted in 83 countries

Approved in 59 countries

Launched in 48 countries

Years to Launch in 40 Countries



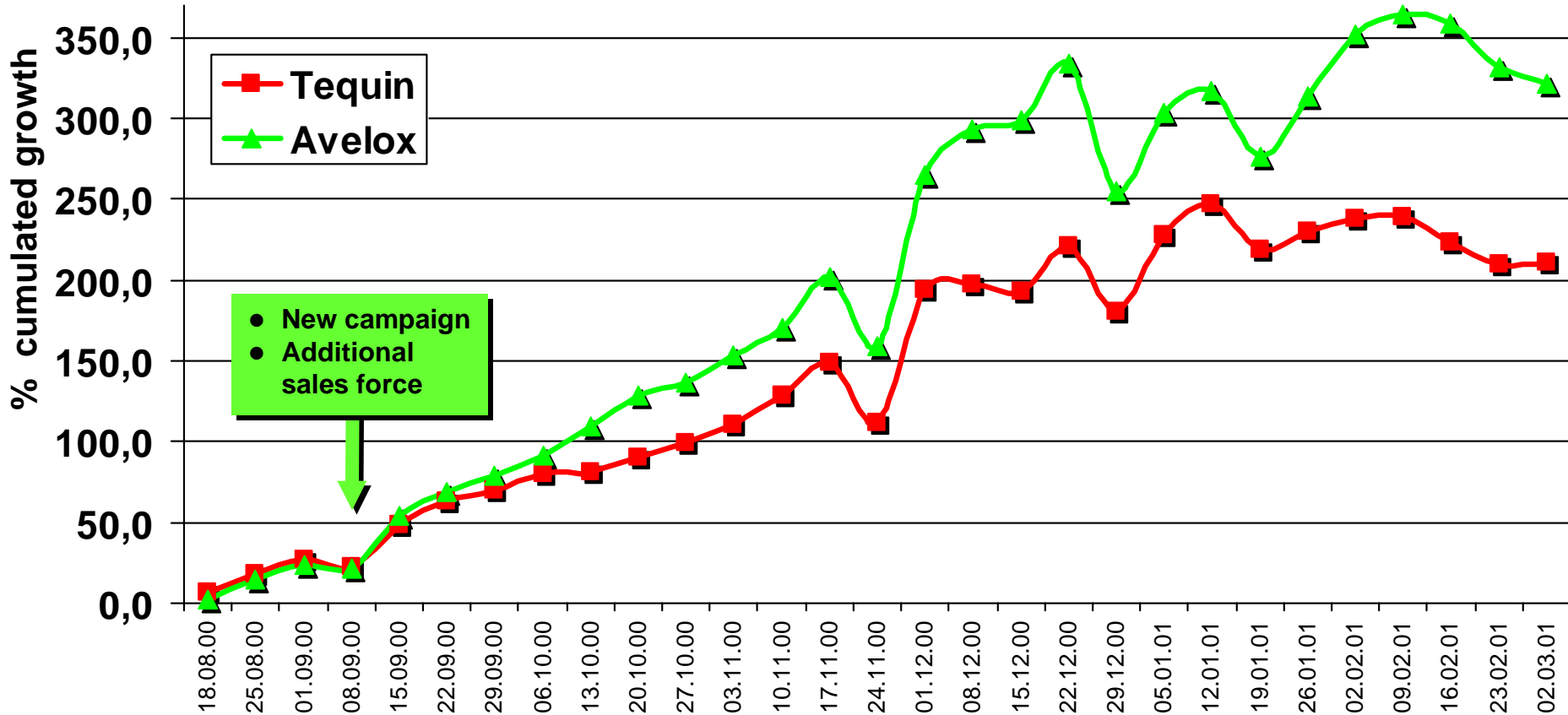
Avelox[®] : Successful Launches in Key Markets

- **Germany:**
 - Most successful launch in adult market
 - Avalox is now third in German antibiotics market
 - achieved 21.3 % of quinolone market at the end of 2000
- **Spain:**
 - Three brands launched with partners
 - partners achieved 14.3 % of quinolone market at the end of 2000
- **Italy:**
 - Excellent start into the antibiotics market with one partner
 - achieved 14.2 % of quinolone market in December 2000
- **Canada:**
 - Most successful antibiotic launch after 4 months
- **US:**
 - Market Penetration significantly improved

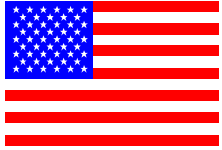


Avelox[®] US: Higher Growth than Tequin

Avelox[®] and Tequin[®] : cumulated weekly growth
based on August 11, 2000



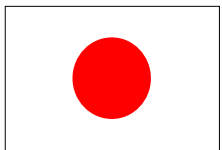
Lipobay[®] / Baycol[®]: Successful Marketing with Partners



US: SmithKline Beecham

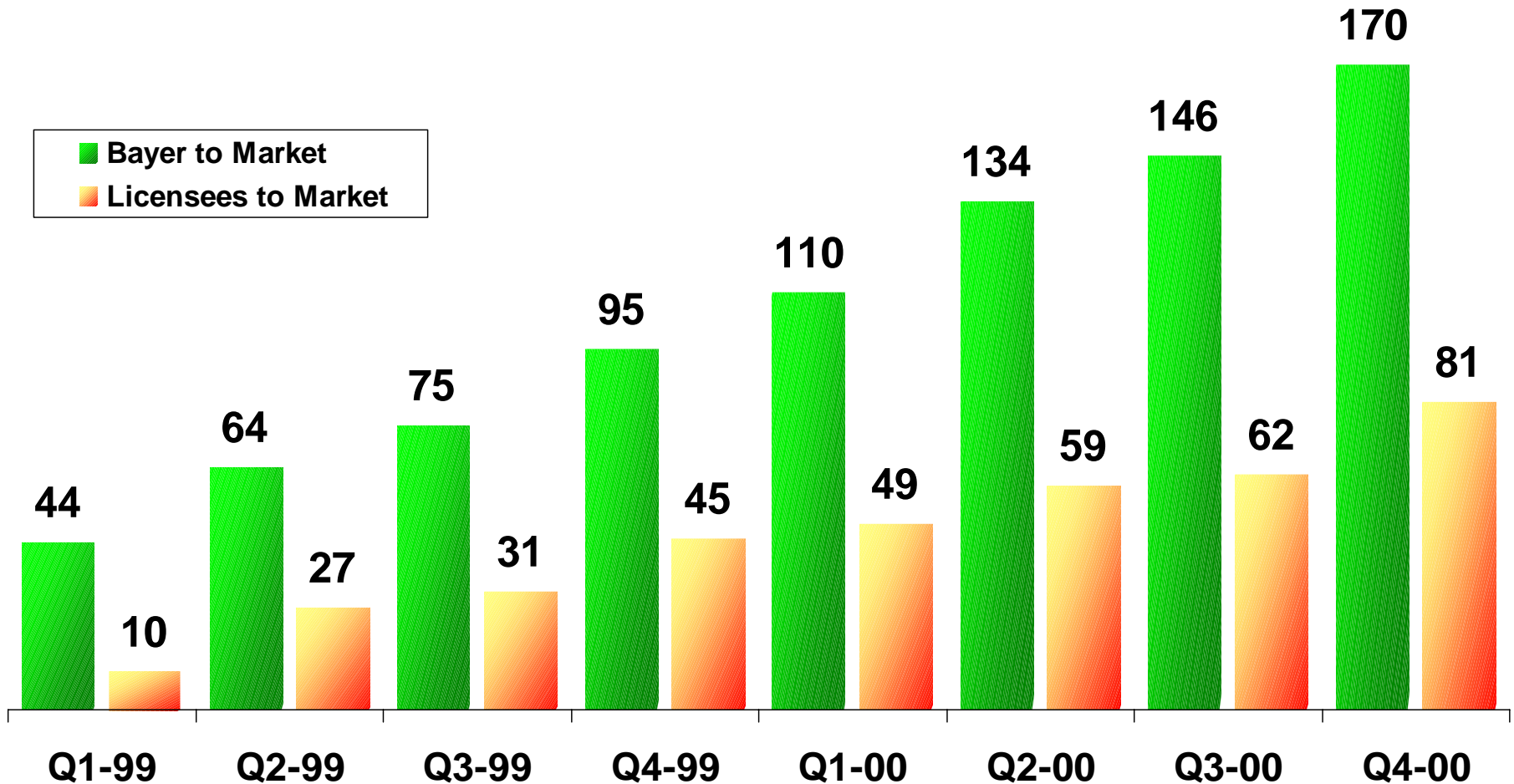


EU: Fournier



Japan: Takeda

Cerivastatin achieves €250 million IMS sales in Q4



IMS: Sales in € million

Lipobay® / Baycol® has the power to Treat To Target

ca♥eat

Caveat Trail in Canada shows that

- Baycol 0.8mg brings 95% of patients to goal vs 83% with Lipitor 20mg.

LIPOBAY®

BAYCOL®

Lipobay[®] / Baycol[®]: Launch Status of 0.4mg and 0.8mg

0.4mg

Submitted in 73 countries

Approved in 55 countries

Launched in 40 countries

13 additional launches in 2001

0.8mg

Submitted in 31 countries

Approved in 12 countries

Launched in 4 countries

20 additional launches in 2001



Baycol®:

Power to Treat To Target

- *The launch of Baycol® 0.8mg in the US on August 8 successfully penetrates Power message*
- *Share of voice in the US market increased with rental sales force from PDI*



In the pivotal trial with new BAYCOL 0.8 mg, 84% of patients reached NCEP goal for LDL-C¹

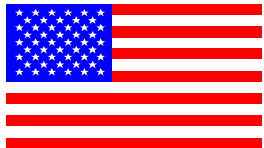
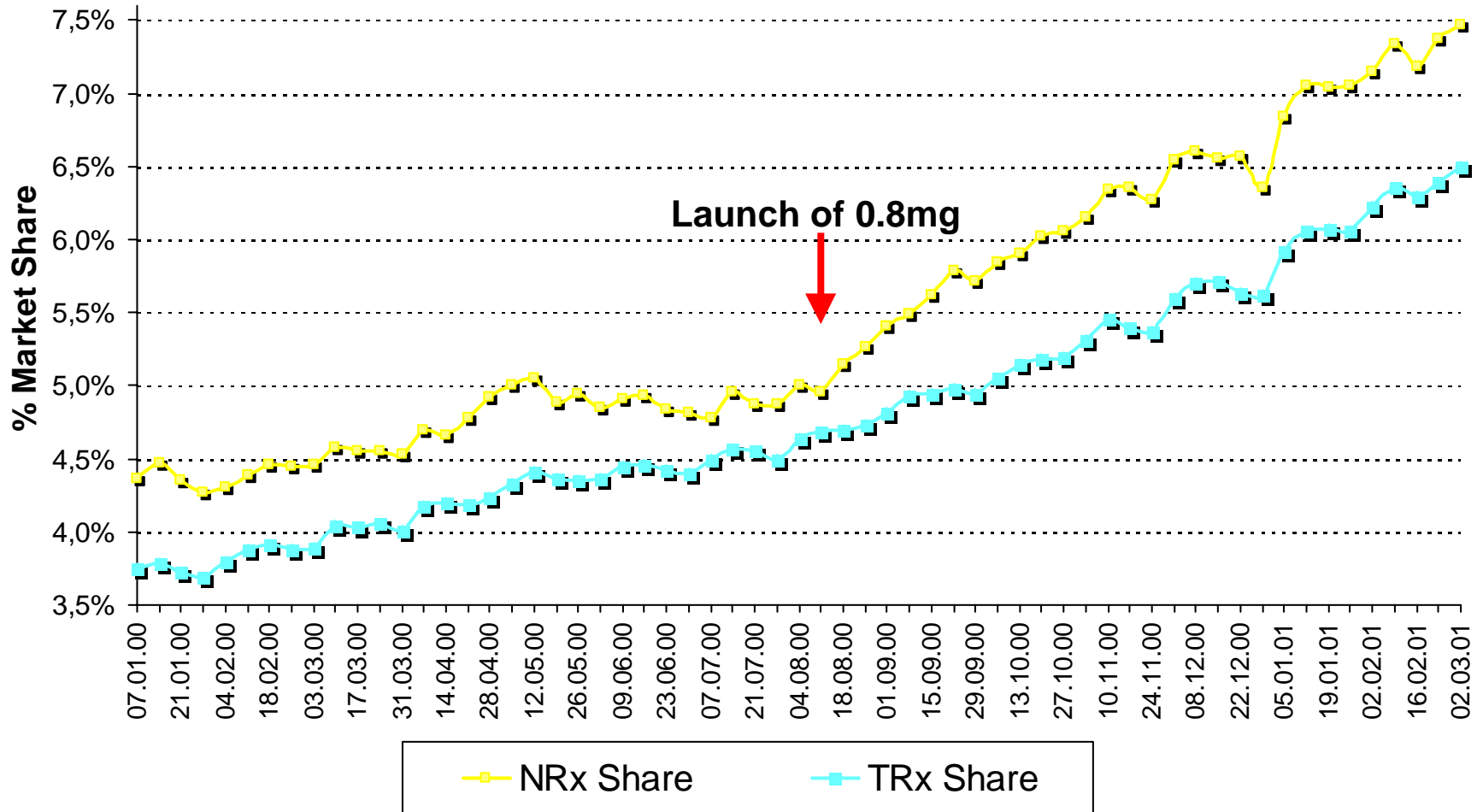
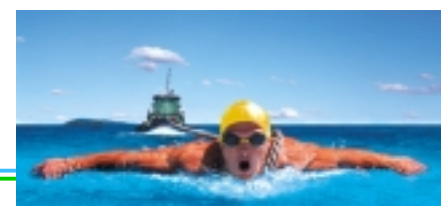
Who ever thought BAYCOL was that powerful?

 **BAYCOL**
cerivastatin
sodium tablets

For Representative/Consultant Use Only.
Not to Be Left With Physician.

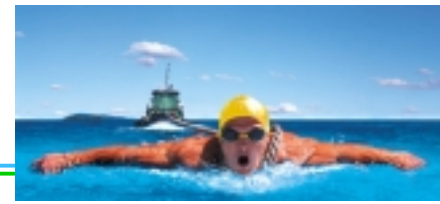
PREMIUM POWER NOT PREMIUM PRICE

Baycol® US: New Rx share grows 50% in 6 months

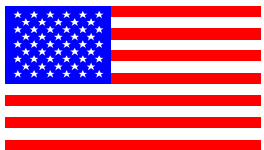


Source: IMS' NPA+





**The Goal is
to achieve a
new prescription share
midterm of
15 %**





**The Goal for 2001
is worldwide Sales by Bayer of
Euro 1 Billion**

Kogenate: FDA Inspections in Berkeley

- Issues identified by FDA “483”
- No impact on product safety
- Major commitment to work with FDA and clarify issues as soon as possible
- Improve supply chain management to increase product availability to the market place
- Slow down in Kogenate releases in first half 2001

Invest sensibly

Improve efficiency and invest for growth

- **The Restructuring Program delivered €185 million in incremental savings and efficiency improvements**
- **Cost of Goods declined by 3% points of sales**
- **Marketing and Sales spending was increased by 30% to drive the top line**
 - **More than half of the incremental spend was in the US**
- **Research and Development spend declined slightly by 0.5% of sales**

Significant Increase in Profits in 2000

**Drive our
Key
Products**



**Increase
Efficiency**



22 % RoS in 2002

**Drive our
Key
Products**

**Increase
Efficiency**

**People
Communications
Culture**

Build the Pipeline

Secure Future Growth

Major Increase in Phase III Projects

- **11 Products transferred to development**
- **8 Products moved to Phase I**
- **2 Products moved to Phase II**
- **4 Products moved to Phase III**

Cipro OD, Faropenem, Repinotan, Vardenafil

Secure Future Growth

8 Products moved to Phase I

- IL4 Selective Agonist, Vardenafil nasal, Cannabinoid Receptor Agonist, Camptothecin, Rafkinase Inhibitor, Guanylate Cyclase Stimulator, IL2 Selective Agonist, Taxane i.v.

2 Products moved to Phase II

- Faropenem, PDE4 Inhibitor

Cipro OD enters Phase III

- Two formulations have been transferred to Phase III for uncomplicated UTI.
 - Goal is to file for US approval in Q1 2002
- One formulation has been transferred to Phase III for complicated UTI
 - Goal is to file for US approval in Q3 2002

Faropenem ... on track for 950 days development

- Phase III started in October 2000
- Since then more than 2,500 patients have been enrolled
- Goal is to submit for approval in Q3 2002
- Pediatric formulation under development

Repinotan ... Phase II data are encouraging

- Phase II data support the definition of an innovative Phase III design, allowing risk reduction inherent to Stroke development programs
- Start of Phase III in Q4 2000 in Stroke
- Start of Phase III in Q2 2001 in Traumatic Brain Injury
- Diagnostic device in cooperation with DS division to measure drug levels, that allow dose adjustments for maintaining patients in the optimal concentration range
- Re-evaluation of Commercial potential ongoing
- On track for Stroke and TBI submission in 2004

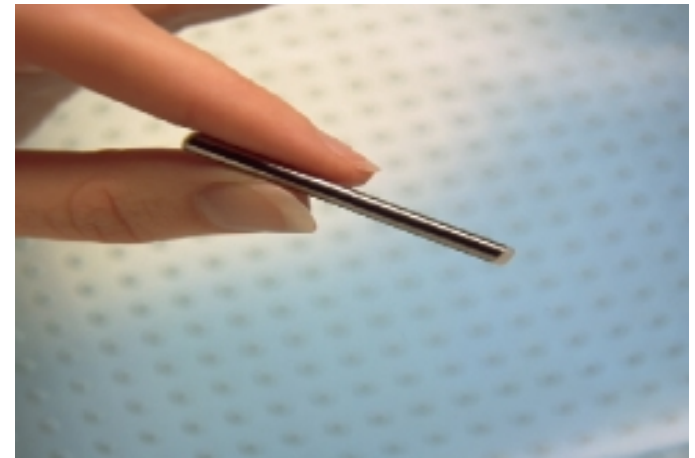
Vardenafil ... on track for rapid NDA submission

- Phase III started in March 2000
- All trials on schedule for rapid completion
- Positive and robust Phase IIb results
- Encouraging Phase IIIa results in Diabetics
- Goal to submit NDA in Q3/Q4 2001
- Trade name, pre-marketing and launch preparations on track

Cancer Portfolio

Through internal and external programs, we entered the cancer market with sales potential of over EURO 1 billion by 2007- 2009

- Viadur launched in the US in March 2001
- 1 project in preclinical development
- 4 projects in Phase I



Build the Pipeline - Goals for 2001

- 13 innovative Development candidates
- Phase III decision with PDE4 Inhibitor in Q2 2001
- Successful management of all 5 Phase III Projects
- Prepare 11 Projects for Phase I - decision
- Take 5 Projects into Phase IIa
- Increase our Cancer portfolio and the Cardiovascular product pipeline through licensing
- **Increase our portfolio value by 10%**