

Bayer AG and GlaxoSmithKline:

Worldwide co-promotion agreement for vardenafil to treat erectile dysfunction

Leverkusen/London – Bayer AG and GlaxoSmithKline plc (GSK) today announced that they have signed a world-wide co-promotion agreement for vardenafil, a new agent in development for the treatment of erectile dysfunction (ED). The US Food and Drug Administration (FDA) is currently assessing an application, submitted by Bayer, for use of vardenafil to treat ED and the results of this assessment are expected in the second half of 2002. Bayer estimates global peak sales for vardenafil of over 1 billion EUR a year.

Under the terms of the agreement and subject to local legal requirements, Bayer and GSK will co-promote vardenafil on a world-wide basis, excluding Japan. Bayer will manufacture the product and be responsible for all regulatory work required to obtain product approval. Bayer will account for all sales of the product. GSK and Bayer will share selling and future development expenses and both companies will share profits. The companies will form a Joint Steering Committee to oversee marketing and future development of the product.

“Vardenafil will allow us to establish ourselves in a market with dynamic growth – the market for the therapy of erectile dysfunction. There is no doubt that this is a highly competitive market. But equally, I have no doubt that we will be able to offer an excellent product for men suffering from impaired erectile function and that together with our co-promotion partner, we will ensure the market presence necessary for success with vardenafil,” explained Dr. David R. Ebsworth, President and General Manager of Bayer's global Pharmaceuticals Business Group.

Commenting on the agreement, Dr. Jean-Pierre Garnier, Chief Executive Officer, GlaxoSmithKline said: “This agreement represents a significant addition to GlaxoSmithKline's product portfolio. Clinical data for vardenafil have suggested that it is an effective treatment of ED, in a wide range of

patients, and we are very pleased to be able to bring this valuable new medicine to patients in partnership with Bayer."

Vardenafil, researched and developed by Bayer, is a potent and highly selective phosphodiesterase-5 (PDE V) inhibitor. Its clinical development program to date has including eight phase III trials encompassing approximately 4000 patients. Vardenafil has reliably demonstrated good efficacy across many populations regardless of age, severity, or cause of erectile dysfunction. For example, men with diabetes – who are three times more likely to have ED because of their condition – are one of the most challenging-to-treat populations. A Phase III vardenafil study of 452 men with type 1 and type 2 diabetes showed improved erections in 72 percent of patients in comparison to only 13 percent of patients on placebo.

Bayer submitted an application for approval of vardenafil for the treatment of ED to the FDA, on September 24, 2001 with a parallel submission in Mexico. In addition Bayer submitted vardenafil for review in Canada on October 26th, 2001. The companies anticipate submitting an application for approval of to the European Union in December 2001.

It is estimated that ED — the reduced ability to sustain an erection sufficient for sexual intercourse — affects more than half of all men aged over 40 years. While it is estimated 140 million men worldwide are affected by ED, only one in 20 seeks medical treatment, thus demonstrating the clear need for additional therapies in this area.

Bayer is an international, research-based group with major businesses in health care, agriculture, polymers and specialty chemicals

GlaxoSmithKline – one of the world's leading research-based pharmaceutical and healthcare companies – is committed to improving the quality of human life by enabling people to do more, feel better and live longer.

Leverkusen, November 15, 2001

Forward-Looking Statements

This news release may contain forward-looking statements based on current assumptions and forecasts made by Bayer Group management. Various known and unknown risks, uncertainties and other factors could lead to substantial differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company accepts no obligation to continue to report or update these forward-looking statements or adjust them to future events or developments.