



Investor News

Bayer HealthCare and Genzyme Corporation Enter New Strategic Agreement

- Agreement improves profitability and strategic focus in key Bayer therapeutic areas
 - Licenses hematological cancer products to Genzyme
 - Continues co-development partnership for alemtuzumab in multiple sclerosis (MS)
 - Bayer maintains worldwide co-promotion rights for alemtuzumab in MS – distribution rights returned to Genzyme
 - Bayer to receive substantial licensing, milestone payments from Genzyme over the duration of the agreement
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Leverkusen, March 31, 2009 – Bayer HealthCare announced today that it has entered a new strategic agreement with Genzyme Corporation, Cambridge, MA.

Under the agreement, Bayer transfers its hematological oncology portfolio to Genzyme – including the worldwide development and distribution rights for alemtuzumab currently marketed as MabCampath[®] or Campath[®] for the treatment of B-cell chronic lymphocytic leukemia (B-CLL), and gives Genzyme exclusive worldwide licenses for Leukine[®] (sargramostim) and Fludara[®] (fludarabine phosphate) for all present and future indications. In return, Bayer will receive milestone payments and royalties, depending on sales achieved by Genzyme, amounting up to 650 million USD from Genzyme. Bayer will then focus its resources in oncology on Nexavar[®] and additional development products.

Under the agreement, Bayer will also return to Genzyme the worldwide distribution and development rights for alemtuzumab but the companies will continue their established co-development partnership for alemtuzumab for an indication in MS. If both companies are successful and alemtuzumab is approved for the use in MS, Bayer has the option and will exercise its right to co-promote this product in this new indication globally. In this case, over the course of 10 years Bayer will receive royalties between 20 to 35 percent of revenues achieved by Genzyme to a maximum of 1.25 billion USD. Under the agreement

Bayer may receive possible substantial sales-based milestone payments if Genzyme does not buy out its milestone obligation in 2020 for an amount in the range of 625 to 900 million USD.

“This transaction provides clear strategic benefit for Genzyme and Bayer,” said Arthur J. Higgins, Chairman of the Executive Committee of Bayer HealthCare. “For Bayer, it significantly improves the profitability for two of our key franchises – oncology and MS. It also reaffirms our commitment to the MS community. If we are successful and alemtuzumab is approved for use in MS, it will allow us to leverage the experience and established relationships we have in this therapeutic area to serve physicians and patients in this community.”

“Additionally, this new agreement assures that Bayer and Genzyme are better aligned to maximize the opportunity for alemtuzumab in both oncology and MS, and frees up resources to accelerate the development of Bayer’s exciting oncology pipeline,” Higgins continued.

The agreement also includes, following FDA licensure, sale of the new US Leukine manufacturing facility in Seattle, Washington. Bayer’s production sites in Berlin, Germany and Garbagnate, Italy will continue to produce Fludara as a contract manufacturer for Genzyme.

It is estimated that approximately 330 Bayer positions worldwide will be affected by this agreement, of which approximately 250 are in the United States and approximately 20 in Europe. Bayer and Genzyme will work together on a process to identify opportunities for continued employment for individuals in these positions as the business and manufacturing operations transition into Genzyme.

Global Bayer sales of Campath/MabCampath and Fludara for 2008 were about 76 and 100 million Euro, respectively. Bayer markets Leukine in the US only with 2008 sales of about 46 million Euro.

The agreement must undergo regulatory review and be approved by the relevant authorities; the companies hope that this process will be finalized until the end of the second quarter 2009.

About Alemtuzumab / Campath

Campath[®] is approved in the United States as a single agent for the treatment of B-cell chronic lymphocytic leukemia (B-CLL). In the EU, MabCampath[®] is approved for the treatment of patients with B-CLL for whom fludarabine combination chemotherapy is not appropriate.

The product was launched in its oncology indication in 2001 in the US, where it is marketed by Bayer HealthCare Pharmaceuticals Inc. as Campath, and in Europe, where it is named MabCampath. Alemtuzumab is a humanized monoclonal antibody that binds to a specific target, CD52, on cell surfaces and directs the body's immune system to destroy those cells. It is the first and only monoclonal antibody approved by the FDA for the treatment of patients with B-CLL.

About Leukine

Leukine[®] (sargramostim) is a growth factor that helps fight infection and disease in appropriate patients by enhancing immune cell function. Leukine was approved in the United States in 1991, and is marketed by Bayer HealthCare Pharmaceuticals. Leukine is the only growth factor approved in the US for use following induction chemotherapy in older adults with acute myelogenous leukemia (AML) to shorten the time to neutrophil recovery and reduce the incidence of severe and life-threatening infections and infections resulting in death. Leukine also has been approved in the US for use in four additional indications: myeloid reconstitution following allogeneic and autologous bone marrow transplantation (BMT), peripheral blood stem cell (PBSC) mobilization and subsequent myeloid reconstitution in patients undergoing PBSC transplantation, and bone marrow transplantation failure or engraftment delay.

About Fludara

Unlike alkylating cytotoxic chemotherapies, Fludara[®], a purine nucleotide analog, inhibits the synthesis of new DNA, thus preventing leukemia cells from multiplying. The intravenous (i.v.) formulation of Fludara was first approved in 1991 and is available in 98 countries worldwide as a second-line therapy for B-CLL patients who have failed previous treatment with alkylating agents. In addition, Fludara i.v. has been approved as a first-line therapy of B-CLL in 62 countries. In 29 countries, Fludara i.v. is also approved for the second-line treatment of low grade non-Hodgkin's Lymphoma (Ig-NHL). The oral formulation has the same effect as the i.v. formulation and was approved in Europe in 2001.

About Genzyme

One of the world's leading biotechnology companies, Genzyme is dedicated to making a major positive impact on the lives of people with serious diseases. Since 1981, the company has grown from a small start-up to a diversified enterprise with more than 11,000 employees in locations spanning the globe and 2008 revenues of \$4.6 billion. In 2007, Genzyme was chosen to receive the National Medal of Technology, the highest honor awarded by the President of the United States for technological innovation.

With many established products and services helping patients in approximately 100 countries, Genzyme is a leader in the effort to develop and apply the most advanced technologies in the life sciences. The company's products and services are focused on rare inherited disorders, kidney disease, orthopaedics, cancer, transplant and immune disease, and diagnostic testing. Genzyme's commitment to innovation continues today with a substantial development program focused on these fields, as well as cardiovascular disease, neurodegenerative diseases, and other areas of unmet medical need.

About Bayer HealthCare

The Bayer Group is a global enterprise with core competencies in the fields of health care, nutrition and high-tech materials. Bayer HealthCare, a subsidiary of Bayer AG, is one of the world's leading, innovative companies in the healthcare and medical products industry and is based in Leverkusen, Germany. The company combines the global activities of the Animal Health, Bayer Schering Pharma, Consumer Care and Medical Care divisions. Bayer HealthCare's aim is to discover and manufacture products that will improve human and animal health worldwide. Find more information at www.bayerhealthcare.com.

Bayer Schering Pharma is a worldwide leading specialty pharmaceutical company. Its research and business activities are focused on the following areas: Diagnostic Imaging, General Medicine, Specialty Medicine and Women's Healthcare. With innovative products, Bayer Schering Pharma aims for leading positions in specialized markets worldwide. Using new ideas, Bayer Schering Pharma aims to make a contribution to medical progress and strives to improve the quality of life. Find more information at www.bayerscheringpharma.de.

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