Bayer HealthCare

Bayer HealthCare Investor Day 2007

Addressing High Medical Needs, Building a Sustainable Pipeline to Ensure Future Growth (2)

Kemal Malik

Head of Global Development
Member of the Board
Bayer Schering Pharma

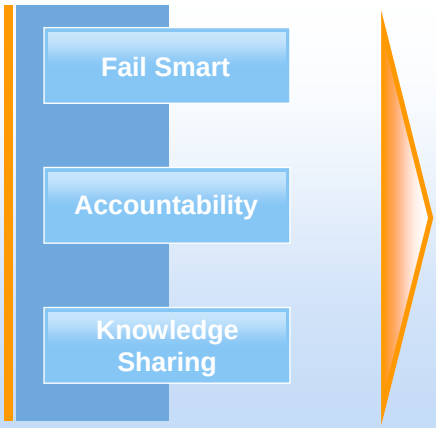
Forward Looking Statements

This presentation contains 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 material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in our public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including our Form 20-F). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Three Operational Principles Defining the Interaction between Research and Development

Operating principle



Method of delivery

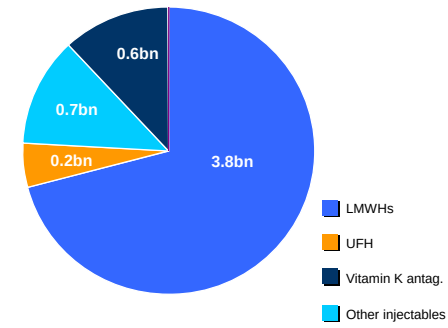
- Preclinical and early development activities flexible and geared to identifying winners and losers much faster
- Research given greater accountability for producing compounds with 'Proof-of-Concept' (PoC)
- Development given greater accountability to drive development based on clear claims
- Preclinical and clinical input used to guide research from an earlier stage
- Early positioning of successful projects based on PoC
- Development and strategic marketing align over claims driven development targeting greatest commercial benefit

Our R&D Pipeline Provides a Balanced Mix of NME and LCM Opportunities

As of June 2007	Phase I	Phase II	Phase III	Submitted
New Molecular Entities (NME)	HT / HF **sGC Stimulator**	A'fib / Stable Angina **Adenosine A1 Agonist**	VTE Prevention **Rivaroxaban**	CKD (J) **Fosrenol**
Life Cycle Management (LCM)	PH in COPD **Elastase Inhibitor**	Acute Heart Failure **sGC Activator**	SPAF **Rivaroxaban**	Bleeding control **rThrombin**
	Pancreatic Cancer **L19–Interleukin 2**	Pulmonary Hypertension **sGC Stimulator**	DVT Treatment **Rivaroxaban**	HCC **Nexavar**
	Cancer **L19-SIP**	ACS **Rivaroxaban**	Melanoma **Nexavar**	CLL 1st line **Campath**
	Cancer **L19-TNF**	RCC 1st / 3rd line **L19–Interleukin 2**	NSCLC **Nexavar**	VMS **Menostar transdermal**
	Cancer **DAST Inhibitor**	Breast Cancer **ZK-PRA**	Ind. / aggr. NHL 1st line **Zevalin**	HRT (J) **E2 / LNG**
	Menopausal Management **ERß Agonist**	Lung / Ovar / Breast / Prostate **Sagopilone (ZK-EPO)**	CLL 2nd line **Campath**	MRA **Magnevist MRA**
	Hypogonadism Treatment **eF-Ment**	wet AMD **VEGF Trap-Eye**	Bone Metast. Prevent. (Breast Ca.) **Bonefos**	MRI (US, J) **Primovist**
	Gastro IBD **Lipoxin**	Parkinson's Disease **Spheramine**	Dysmenhorrea (J) **YAZ**	PID / New Indications (EU) **Avelox**
	DME **VEGF Trap-Eye**	Liposomal Formulation **Kogenate**	Fertility Control **YAZ Flex**	
	Alzheimer PET Imaging **AV1/ZK**	Breast Cancer **Nexavar**	FC / Uterine Bleeding **DUB-OC (E2/DNG)**	
	ACS **Aspirin i.v.**	Additional Indications **Nexavar**	Menorrhagia **Mirena**	
	Fast Dissolving Tablet **Levitra**	Fertility Control **FC Patch Fidencia**	Menopausal Management **Angeliq low-low**	
	Lung Infection **Cipro Inhale**	Fertility Control **Valette low**	Endometriosis **Visanne**	
		Multiple Sclerosis **Alemtuzumab**	Fertility Control **Yasmin plus / YAZ plus**	
		MRI (USA,J) **Gadovist**	Fertility Control **LCS (ULD LNG)**	
		New Indications **Levitra**	MS Treatment **Betaferon high dose (BEYOND)**	
			CT **Ultravist 370**	
			New Indications (US) **Avelox**	

A New Oral Anticoagulant Has the Potential to Redefine the Market

Market 2006 $5.3bn



Source: IMS Health

Medical Need

- Approximately 6.5 million people worldwide are affected annually by venous thromboembolism (VTE)
- Up to 600,000 people are hospitalized in the U.S. each year for deep vein thrombosis (DVT)
- Approx. 8.5 million AFIB patients in Europe, Japan and U.S. (prevalence)
- AFIB patient has a 5-fold higher risk of stroke events

Rivaroxaban: Comprehensive Late-Stage Development Program in Place

Trial status	Indication	Trial design	Dosing	Guidance
Phase III RECORD	VTE Prevention in patients undergoing major orthopedic surgery	>10,000 pts, hip replacement or knee replacement vs. standard treatment (enoxaparin)	10mg once daily for 5 weeks (hip) or 14 days (knee)	Regulatory filing planned in EU in late 2007, in U.S. 2008
Phase III GINGER	VTE treatment and long-term secondary prevention	~7,500 pts, vs. standard treatment	20mg once daily main dose, treatment duration up to 12 months and beyond	Phase III
Phase III ROCKET AF	Prevention of stroke in patients with atrial fibrillation (SPAF)	~14,000 pts, non-inferiority vs. standard treatment (Warfarin)	20mg once daily main dose, treatment duration 12-24 months	Regulatory filing expected in 2010
Phase II ATLAS ACS	Secondary prevention of fatal and non-fatal cardiovascular events in patients with acute coronary syndrome (ACS)	~3,500 pts, on top of standard treatment	Dose finding study, twice and once daily dosing for up to 6 months	Regulatory filing currently expected in 2012

Rivaroxaban Phase II Study in VTE Prevention Showed Once-Daily Dosing to be Safe and Effective

- ODIXa-OD study investigating Rivaroxaban in VTE prevention after total hip replacement surgery
  - 873 patients, double blind, active comparator controlled (enoxaparin), treatment duration 5-9 days
  - A wide – 8-fold – dose range (5-40 mg OD) has been tested
- No dose arm discontinued; no concerns regarding safety or lack of efficacy
- All doses were effective and had similar efficacy to enoxaparin
- Significant dose trend for both efficacy and safety
- Favorable safety profile
- 10 mg OD of Rivaroxaban was considered the optimal dose and selected for the phase III studies in VTE prevention after orthopedic surgery (RECORD 1-4)

Once-daily Rivaroxaban effectively reduced the incidence of VTE

Promising Safety and Efficacy Results in Phase II DVT Treatment Studies

ODIXa-DVT Trial	EINSTEIN-DVT Trial
Comparing Rivaroxaban 10/20/30mg bid, 40mg OD with standard vitamin K antagonist (e.g. warfarin) treatment	Comparing Rivaroxaban 20/30/40mg OD with standard vitamin K antagonist (e.g. warfarin) treatment
613 patients, treatment up to 3 months	543 patients, treatment up to 3 months
Prim. efficacy endpoint: Symptomatic recurrence or extension of DVT, PE, or VTE-related death	Prim. efficacy endpoint: Symptomatic recurrence or extension of DVT, PE, or VTE-related death
Prim. safety endpoint: major bleeding	Prim. safety endpoint: clinically relevant bleeding

- Similar efficacy to standard therapy and low rate of bleeding with all Rivaroxaban doses
- No evidence for drug-related liver safety issues during 3 months of treatment
- Rivaroxaban could be used for primary treatment and secondary prevention of VTE
- Phase III studies underway in:
  - Initial treatment and long-term secondary prevention of VTE
  - Stroke prevention in patients with atrial fibrillation

Safety and efficacy of Rivaroxaban in chronic setting comparable to standard therapy

An Ideal Anticoagulant Should Have …

Rivaroxaban has:

Oral administration	Convenient use both in and out of hospital	✓
Once daily dosing	Key issue to enhance compliance in the target population	✓
Predictability	Safe and effective regulation of coagulation from the first dose and throughout therapy	✓
Wide therapeutic window	Broad safety margin at a wide range of effective doses	✓
Minimal food/drug interactions	Ease of use with concomitant medication and diet	✓
No monitoring	No need for laboratory monitoring saves healthcare costs through fewer hospital / physician visits and patients' time	✓

… based on current knowledge

Phase III Studies For VTE Prevention After Hip and Knee Surgery

- Rivaroxaban 10 mg once-daily optimal dose for prevention of VTE
- Phase III program with more than 10,000 patients
  - Double-blind, double dummy, parallel group design
  - Primary efficacy endpoint: total VTE detected by mandatory bilateral venography
  - Main safety endpoint: major bleeding
  - Safety follow-up: at least 30 days after the last dose

RECORD 1	RECORD 2	RECORD 3	RECORD 4
HIP replacement	**HIP replacement**	**KNEE replacement**	**KNEE replacement**
Rivaroxaban 10 mg od for 5 weeks vs enoxaparin for 5 weeks	Rivaroxaban 10 mg od for 5 weeks vs enoxaparin for 10–14 days followed by placebo	Rivaroxaban 10 mg od for 10–14 days vs enoxaparin for 10–14 days	Rivaroxaban 10 mg od for 10–14 days vs enoxaparin for 10-14 days
Recruitment complete	Recruitment complete	Results available	Results in 2008

RECORD: **RE**gulation of **C**oagulation in major **O**rthopedic surgery reducing the **R**isk of **D**VT and PE

Rivaroxaban: Conclusions from the RECORD 3 Study

RECORD 3

- Double-blind, randomized, controlled **Phase III study** for **VTE Prevention in elective total knee replacement patients**
- Multiregional study with **2,531 patients** at **147 sites** in **19 countries** in 10 months conducted
- Primary endpoint: total VTE measured by bilateral venography compared to enoxaparin (powered for non-inferiority)
- Study completed on time and **met pre-specified primary outcome and exceeded expectations**
- Rivaroxaban had **comparable safety versus enoxaparin** (major bleedings rates low and similar in both groups)
- Key RECORD3 study results will be presented at XXIst Congress of the International Society on Thrombosis and Haemostasis (ISTH), Geneva, during the "Late breaking clinical trial results" session scheduled on July 8, 2007

Rivaroxaban: Upcoming Milestones

Timing	Milestone
Today	Announcement of top-line findings from the first of three completed phase III studies in VTE prevention after major orthopedic surgery
July 8, 2007	Presentation of full data set of pivotal phase III RECORD3 trial in VTE prevention after total knee replacement at ISTH
2H 2007	Top-line findings of RECORD1 and RECORD2 studies
2H 2007	Presentation of full data set of additional RECORD program targeted for a major international scientific congress
2H 2007	EMEA regulatory filing for marketing authorization for VTE prevention after major orthopedic surgery
2007 / 2008	Substantial progress in patient recruitment in ongoing study program
2008	FDA regulatory filing for marketing authorization for VTE prevention after major orthopedic surgery
2010	Filing for DVT treatment and stroke prevention in atrial fibrillation

Nexavar on the Road to Success

- Our oral multi-kinase inhibitor Nexavar has been approved for treatment of advanced renal cancer (RCC)
- Clinical studies beyond RCC underway:
  - Hepatocellular Cancer (HCC)
  - Non-Small Cell Lung Cancer (NSCLC)
  - Metastatic Melanoma
  - Metastatic Breast Cancer
- Broad signal generating program underway

Nexavar represents a key asset in our global oncology franchise

Investigating Nexavar in Hepatocellular Carcinoma (HCC) – The SHARP Trial

- HCC is the fifth most common malignancy worldwide: about 600,000 new cases/year
- HCC treatment needs highly unmet, no approved treatment for unresectable advanced HCC in U.S. or EU
- Randomized placebo-controlled phase III study in patients with advanced HCC:

(1:1) Randomization ratio between treatment groups

- 602 advanced HCC pts
- Child Pugh A status
- ECOG PS: 0,1,2

SHARP

Nexavar
400mg b.i.d. continuous dosing

Placebo

Primary Endpoints
- Overall Survival (OS)
  (40% improvement)
  or
- Time To Symptom Progression (TTSP)
  (30% improvement)

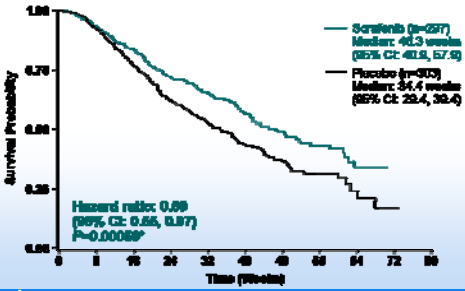
Secondary Endpoints
- Time To Progression (TTP)
  (67% improvement)
- Overall Disease Control rate
- Quality of Life (QoL)

Nexavar is the First Drug to Demonstrate Overall Survival Benefit in HCC

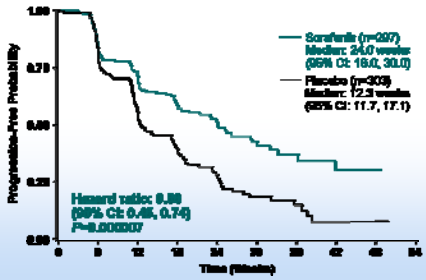
	Hazard ratio	Sorafenib Median	Placebo Median
Overall survival (44% improvement)*	0.69	46.3 weeks	34.4 weeks
Time to progression (73% prolongation)†	0.58	24.0 weeks	12.3 weeks

Sorafenib vs placebo: *P=0.0006; †P=0.000007

Overall Survival



Time to Progression



Nexavar bears the potential to become the new standard of care in patients with unresectable liver cancer

Nexavar in NSCLC and Melanoma: Late-Stage Clinical Program Progressing

Non-Small Cell Lung Cancer (NSCLC)

- Phase III trial (ESCAPE) in combination with carboplatin/paclitaxel in 1st-line setting in patients with NSCLC (all histology types) completed enrollment of approx. 900 patients
- Additional phase III initiated with gemcitabine and cisplatin +/- Nexavar in 1st-line treatment of NSCLC currently underway. Expected to enroll approx. 350 patients
- Other/additional drug combinations under assessment
- Data expected to mature in 2008. Launch of Nexavar in NSCLC planned for 2009

Malignant Melanoma

- Phase II study (1st-line) with DTIC +/- Nexavar showed positive trend in progression free survival at tolerable toxicity. Median PFS: 21.1 weeks in the Nexavar arm vs. 11.7 weeks in the placebo arm
- Phase III trial (1st-line) investigating Nexavar in combination with paclitaxel/carboplatin ongoing (ECOG trial). Data expected to mature in late 2008

Metastatic Breast Cancer May Add Significantly to the Potential of Nexavar

1st-line Therapy	1st-/2nd-line Therapy
Nexavar in combination with ■ Paclitaxel ■ Docetaxel or Letrozole ■ Paclitaxel or Bevacizumab	Nexavar in combination with ■ Gemcitabine ■ Capecitabine or Letrozole ■ Letrozole or Anastrozole or Exemestane

- Metastatic breast cancer is the most common form of female cancer with approx. 180,000 new cases estimated in the U.S. for 2007
- Multiple international phase II protocols investigating Nexavar under way
- Initiation of phase III planned for late 2009
- Potential launch in 2013
- Nexavar peak sales potential in breast cancer: >€ 750 million

Numerous Clinical Trials Addressing the Pan-Tumor Potential of Nexavar

Trial Characteristics	Total # of Trials	Tumor Types (Completed Trials)	Tumor Types (Ongoing Trials)
Single agent	131	11 RCC 2 NSCLC 2 Breast 9 Solid tumors 3 HCC 1 Mesothelioma 2 Head and Neck 1 Thyroid 1 Gall bladder 7 Healthy volunteers	24 RCC, 2 melanoma, 5 NSCLC, 13 solid tumors, 2 multiple myeloma, 2 AML, 1 breast, 2 non-Hodgkin's lymphoma, 1 urothelial, 1 leukemia, 6 ovary, 1 SMCLC, 1 multiple glioma, 2 CRC, 1 astrocytoma, 1 GIST, 1 bladder, 2 gastric, 2 prostate, 2 uterine,1 neuroendocrine, 5 thyroid, 5 sarcoma, 1 gall bladder, 1 glioblastoma, 1 teratoma, 1 Barrett's esophagus, 1 osteosacroma, 1 Kaposi's sarcoma, 1 MDS, 1 vascular endothelium, 1 HCC
Combination with cytotoxics only	70	6 Solid tumors 2 CRC 3 Melanoma 1 RCC 1 Pancreas 1 Ovary	7 Solid tumors, 3 breast, 2 CRC, 6 melanoma, 6 HCC, 4 NSCLC, 10 RCC, 6 pancreas, 1 ovary, 1 gastric, 1 sarcoma, 5 prostate, 1 cervical, 1 AML, 2 bladder
Combination with other monoclonal antibodies, large molecules (Herceptin, Erbitux)	5		1 NSCLC, 2 RCC, 1 HCC, 1 solid tumors
Combination with small molecules (Tarceva, hormones)	5	1 Prostate	1 NSCLC, 1 RCC, 1 melanoma, 1 prostate
Combination with targeted therapies	4		3 Solid tumors, 1 breast
Other (biologics, IFN, sirolimus)	19	4 RCC 3 Solid tumors	8 RCC, 1 melanoma, 3 solid tumors

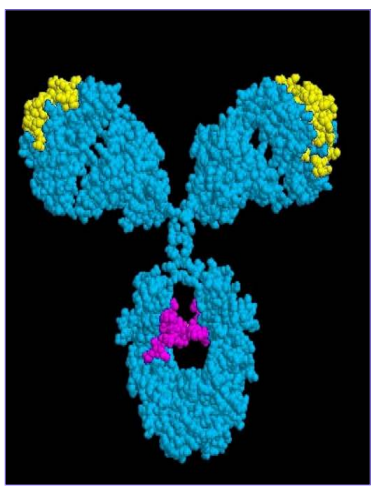
as of May 2007, including IST studies

Nexavar: Upcoming Milestones

Timing	Milestone
June 2007	Nexavar HCC submissions in U.S. and EU
2H 2007	Nexavar HCC submission in Japan
2H 2007	Start of Nexavar phase II program in metastatic breast cancer
1H 2008	Launch of Nexavar in HCC planned
2008	Maturation of phase III data in melanoma (ECOG study)
2008	Maturation of phase III data in NSCLC
2009	Launch in NSCLC planned
2009	Initiation of phase III program in metastatic breast cancer planned
2013	Launch in metastatic breast cancer planned

Alemtuzumab (Campath)

- Humanized monoclonal antibody directed at CD52
- Cytotoxic effect - reduces circulating:
  - T-cells
  - B-cells
  - Monocytes
  - Eosinophils
- Approved in 2001 for the treatment of B-cell chronic lymphocytic leukemia (3rd-line)
- Submitted for 1st-line treatment of chronic B-CLL in April 2007



Medical Need and Scientific Rationale for Alemtuzumab in Multiple Sclerosis

Medical Need

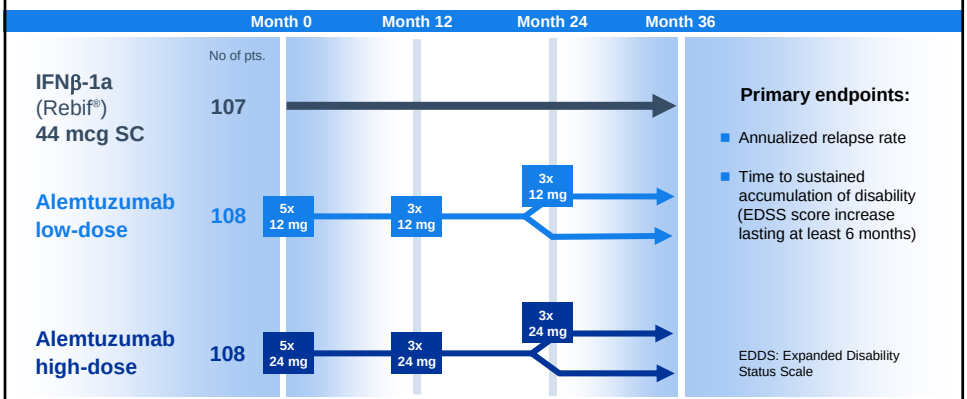
- Approx. 2,500,000 MS patients worldwide, of which approx. 400,000 in the U.S. and over 300,000 in the 5 key European countries
- Progressing disease with existing agents providing approx. 40% risk reduction

Rationale for Alemtuzumab in Multiple Sclerosis (MS)

- CD52 is an antigen expressed at high levels on all lymphocytes
- T- and B-lymphocytes play an important role in the pathogenesis of MS
- Alemtuzumab kills lymphocytes by binding at CD52 and may as such influence the pathogenesis of MS
- Alemtuzumab spares normal stem cells allowing immune system to reconstitute

Alemtuzumab – Phase II Study in MS (CAMMS223)

The CAMMS223 phase II study is open label, multi-center and rater-blinded, investigating treatment-naïve patients with 2 recent relapses, and gadolinium enhancement on screening MRI



Alemtuzumab in MS – Impressive Phase II Interim Results – Risk Reduction 70-80%

- Alemtuzumab was significantly more effective than Rebif in suppressing MS relapses and slowing accumulation of disability in MS patients

Alemtuzumab dose	Reduction in risk for relapse vs. Rebif	Reduction in risk for progression of clinically significant disability	Reduction in disability compared with pre-treatment baseline (EDSS score)
12 mg	72% (p<0.0001)	88% (p<0.0008)	Significant
24 mg	87% (p<0.0001)	66% (p<0.0098)	Significant

- Adverse effects noticed in phase II including Immune Thrombocytopenic Purpura (ITP) and thyroid disorders
  - Re-dosing voluntarily suspended after 3 cases of ITP in Sept. 2005 (Study continued in all other respects)
  - Hold lifted by FDA in May 2007 - Patient monitoring plan for early ITP detection developed and implemented

Alemtuzumab has demonstrated best treatment effects ever seen in a controlled MS trial so far

Alemtuzumab – the Current Plan for Phase III in MS: CARE-MS

- CARE-MS: **C**omparison of **A**lemtuzumab and **R**ebif **E**fficacy in **MS**
- Patient Population: CARE-MS I: Early active RRMS (approx. 450 pts)
  CARE-MS II: Previously treated with disease modifying therapy (approximately 1,000 pts)
- Treatment Duration: 2 years after last patient is enrolled
- Treatment Groups: Alemtuzumab vs. Rebif 44
- Outcome Measure(s): Co-primary endpoints of relapse and disability (≥90% power to detect a 45% / 60% treatment effect in time to sustained accumulation of disability SAD)

Overall efficacy and safety observed in phase II study to be established and confirmed in the planned phase III program

Alemtuzumab in MS: Upcoming Milestones

Timing	Milestone
End 2007	Final results of phase II CAMMS223 study
2H 2007	Start of phase III program
2011	Filing of Alemtuzumab in MS planned

Life Cycle Management of Kogenate Addresses the Shift to Prophylactic Treatment Regimen

Symptomatic treatment: on-demand therapy → **Regular, preventative treatment** → **Reduced infusion frequency** → **Curative therapy**

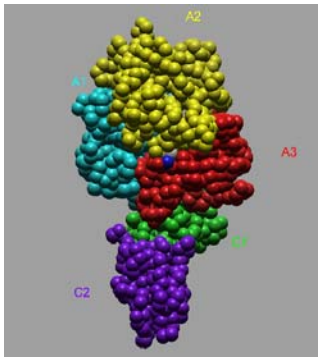
- Understanding of the pathology of hemophilia (e.g. hemophilic arthropathy) has led to a push from symptomatic therapy toward treatment to prevent bleeds
- Frequent administration required for today´s factor VIII products under prophylactic treatment is a barrier to adopt prophylaxis
- Factor VIII products with reduced infusion frequency expected to accelerate trend from episodic treatment regimen to prophylactic treatment

Treatment paradigm in hemophilia market is moving to prophylaxis

Breaking Down Barriers and Improving Patient Outcomes

Multiple R&D approaches to generate next generation products

- PEG-liposomal formulation to prolong protection from bleeding
- Activity alterations to potentiate effect of FVIIIa in the blood clot
- Receptor-binding alterations to retard circulatory clearance
- PEGylation of FVIII molecule to increase half-life (KG-N)

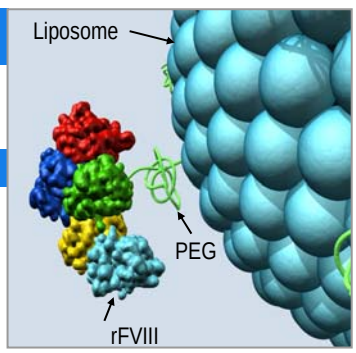


Bayer is leading the way to revolutionize hemophilia care

Kogenate-Liposomal is Our Most Advanced Approach to Reduce FVIII Infusion Frequency

Formulation of Kogenate with proprietary PEG-liposome from Zilip-Pharma

- High-affinity surface binding of rFVIII to PEG-liposome



Clinical development

- Preclinical & early clinical data suggest bleeding protection with once-per-week dosing
- Phase I U.S. clinical study complete
- Phase II to be initiated by end of 2007
- Interim analysis data expected end 2008 / early 2009
- The forthcoming phase II trial provides a basis for licensure in EU
- Estimated launch 2011 (EU) / 2012 (U.S.)

The forthcoming phase II clinical trial will be the largest clinical trial ever conducted in hemophilia

Kogenate Life-Cycle Management: Upcoming Milestones

Timing	Milestone
End 2007	Initiation of Kogenate-Liposomal phase II study
End 2008/ early 2009	Interim data from Kogenate-Liposomal phase II study
2011 / 2012	Launch of Kogenate-Liposomal planned

VEGF Trap-Eye is Targeting the Leading Cause of Age Related Blindness

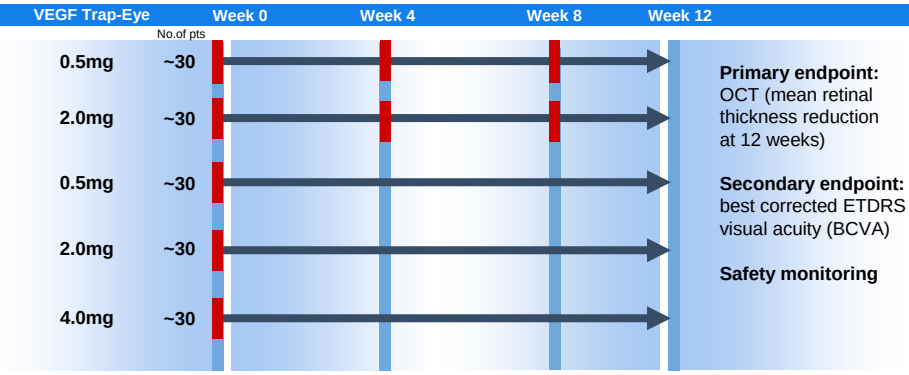
- Age-related macular degeneration (AMD) is a widespread disease of the eye affecting the elderly: two forms of AMD (“dry” and “wet” AMD)
  - Neovascular or wet AMD, is the less common form of AMD, but the leading cause of age related blindness is associated with growth of new blood vessels into the macula (area for high acuity vision)
  - Approx. 1.5 million people are affected by wet AMD in the US
  - Market set to expand significantly by 2010
- High medical need and only limited option for treatment of wet AMD available
- VEGF Trap-Eye is designed to block the growth of new blood vessels into the macula
- Development in cooperation with Regeneron

The affected area is the macula

Image as seen by an AMD patient

VEGF Trap-Eye Phase II (CLEAR-IT 2) Study

- Randomized, double-masked, multicenter trial, approx. 150 patients enrolled
- Final data expected in September 2007



VEGF Trap-Eye Phase II Study: Positive Interim Results at 12 Weeks

Retinal thickness reduced after 12 weeks – study met primary endpoint

- All groups combined decrease of 135 microns, p<0.0001

Visual acuity statistically significant improved

- Mean change from baseline in all groups combined, increase of 5.9 letters, p < 0.0001)

Other results

- No drug-related serious adverse events, treatment well-tolerated
- All but one patient maintained or improved vision at 12 weeks
- Monthly and quarterly dosing did not result in substantially different results at 8 weeks - monthly dosing numerically superior at 12 weeks but not statistically significant
- Quarterly dosing demonstrated, on average, a decrease in excess retinal thickness (p<0.0001) and an increase in visual acuity (p=0.012) at 12 weeks

Potential identified for less frequent dosing as differentiator from existing therapy

VEGF Trap-Eye: Upcoming Milestones

Timing	Milestone
Sept. 2007	Final results of phase II CLEAR-IT 2 study
2H 2007	Start of phase III program in wet AMD
2H 2007	Start of phase II program in DME
2011	Launch in wet AMD estimated

We are Strengthening Our Specialty Portfolio Through In-Licensing of rThrombin

Why in-license rThrombin?

- Recombinant form of thrombin (blood clotting factor II) as an agent to aid surgical hemostasis
- Currently, only bovine thrombin is available in the U.S. as a stand-alone product
- Comparable efficacy to bovine-derived thrombin, reduced immunogenicity in phase 3 studies
- ZymoGenetics received acceptance notification of its Biologics License Application (BLA) by FDA, approval pending
- Filing in EU expected in 2009/2010

Attractive Market Potential

- Thrombin is used in more than 1 million surgeries in the U.S. per year
- U.S. thrombin market is valued at >$250m – ex-U.S. market estimated to have similar size

rThrombin offers considerable near-term revenue potential for our hematology business

rThrombin – Deal with ZymoGenetics on Attractive Terms

- Bayer to commercialize rThrombin ex-US, responsible for additional clinical trials and regulatory filings – ZymoGenetics eligible to receive milestone payments and tiered royalties based on annual ex-U.S. sales levels
- ZymoGenetics retains U.S. rights and marketing responsibility
- Bayer to co-promote rThrombin in the U.S. for a three year period after launch
- ZymoGenetics eligible to receive $ 30 million upfront payment and $ 168 million milestone payments that are development and sales related
- ZymoGenetics to compensate Bayer for the three year U.S. co-promotion period by paying tiered commission of up to 20% on U.S. sales
- ZymoGenetics to receive tiered royalties of all ex-U.S. sales

Commitment to exploit long-term value of rThrombin

Our Pharma Pipeline Has the Potential to Transform the Business

Project	Indication	Estimated launch	Peak sales potential (in €m)
Nexavar	Renal Cell Cancer	Launched	500
	Hepatocellular Cancer	Filing June 2007	
	Melanoma	> 2008	
	Non-Small Cell Lung Cancer	2009	>750
	Breast Cancer	2013	>750
Rivaroxaban	VTE Prevention	2009	>2,000
	DVT Treatment	2011	
	Stroke Prevention in AFIB	2011	
	Acute Coronary Syndrome	2013	
Betaseron incl. Life Cycle Mgmt.	Multiple Sclerosis incl. BENEFIT incl. BEYOND	Launched 2008	>1,000
Yasmin/Yaz incl. Life Cycle Mgmt.	Oral contraception; PMDD; Acne	Launched	>1,000
Kogenate incl. Life Cycle Mgmt.	Hemophilia A incl. Kogenate Liposomal	Launched 2011/2012	>1,000

Numerous Projects Expected To Enter Phase III by 2009

Project	Indication	Expected start of phase III	Estimated launch
VEGF Trap-Eye	Wet AMD	2H 2007	2011
Alemtuzumab	MS	2H 2007	2012
Gadovist	MRI (U.S.)	2H 2007	2011
Aspirin i.v.	Acute Coronary Syndrome	2H 2007	2010
DAST Inhibitor	Solid Tumors	2H 2008	2012
ZK-EPO	Solid Tumors	2H 2008	2010
sGC Stimulator	Pulmonary Hypertension	2H 2008	2011
Spheramine	Parkinsons Disease	2H 2008	2011
sGC Activator	Acute Heart Failure	2H 2009	2012
Rivaroxaban	Acute Coronary Syndrome	2H 2009	2013
Nexavar	Breast Cancer	2H 2009	2013

Mid-Stage Projects Significantly Enhance the Potential of our Pipeline

Project	Indication	Peak sales potential (in €m)			
		<250	250-500	500-750	750- ≥1,000
VEGF Trap-Eye	Wet AMD		●		
Alemtuzumab	MS				●
LCS	Fertility Control			●	
Gadovist	MRI (U.S.)	●			
Aspirin i.v.	Acute Coronary Syndrome	●			
DAST Inhibitor	Solid Tumors			●	
ZK-EPO	Solid Tumors			●	
sGC Stimulator	Pulmonary Hypertension		●		
Spheramine	Parkinsons Disease			●	
sGC Activator	Acute Heart Failure			●	
Adenosine Agonist	Angina pectoris, AFIB			●	
Rivaroxaban	Acute Coronary Syndrome		●		
Nexavar	Breast Cancer				●

Summary and Outlook

- Rigorous prioritization led to focus on key pipeline assets
- Today: strong and balanced combined portfolio
- Key assets in late-stage pipeline addressing high unmet medical needs
- Key projects with blockbuster potential include Nexavar, Rivaroxaban and Alemtuzumab
- Additional life cycle opportunities with Betaseron, Kogenate and Yasmin franchise
- Exciting and important milestones ahead
- Building a genuine leader in specialty pharmaceuticals