

Investor News

Bayer HealthCare and Nektar Therapeutics To Develop Innovative Therapy For Pneumonia

Leverkusen, August 6, 2007 – Bayer HealthCare announced today the cooperation with Nektar Therapeutics to develop and market an innovative therapy to fight Gram-negative pneumonias. This new treatment method will utilize Nektar's proprietary pulmonary technology to deliver a specially-formulated amikacin (NKTR-061), an aminoglycoside antibiotic, for inhalation deep into the lung. Amikacin for inhalation is under development as a new approach for a high, unmet medical need to fight acute Gram-negative pneumonias that often lead to significant morbidity and mortality in ventilated patients.

"This development agreement reinforces our commitment to fight infectious and respiratory diseases and is a natural fit with Bayer HealthCare's strategy of developing and marketing specialty pharmaceutical products," said Dr. Ulrich Köstlin, Board Member of Bayer Schering Pharma AG, responsible for the Business Unit Primary Care.

As part of this agreement, Nektar will receive milestone payments of up to US \$175 million associated with the successful development and commercialization of NKTR-061. This includes an upfront payment of \$50 million. Subsequent to the successful clinical and regulatory development of the product, Bayer HealthCare and Nektar have agreed to a co-promotion of the product in the United States and to share profits. For sales outside the United States, Nektar will receive tiered performance royalties up to a maximum of 30 percent.

Under the terms of the agreement, Bayer HealthCare is responsible for the global clinical development, regulatory strategy, manufacturing and marketing of the product, with Nektar participating in all aspects of decision-making and governance.

“We are very pleased to be collaborating with Bayer HealthCare, a world leader in anti-infective therapies,” said Howard W. Robin, President and Chief Executive Officer of Nektar Therapeutics. “Utilizing Nektar’s proprietary pulmonary technology to address life-threatening infections, we are building on our joint development experience in the area of pulmonary therapies.”

Bayer HealthCare and Nektar started to cooperate in 2005 with the joint development of inhaled ciprofloxacin as a potential dry powder therapy for treating pseudomonal infections in patients suffering from cystic fibrosis. This development project received orphan drug status for the approval by the EMEA in July 2007.

Currently, NKTR-061 is being studied in Phase 2 clinical trials for the adjunctive therapy of ventilated patients with hospital-acquired, Gram-negative pneumonias. These pneumonias are a serious problem afflicting patients even in the world's most advanced intensive care areas. Increasingly, multi-drug resistant Gram-negative bacteria have magnified a resistance problem in a hospital setting.

Bayer HealthCare

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, Consumer Care, Diabetes Care and Pharmaceuticals divisions. The pharmaceuticals business operates under the name Bayer Schering Pharma and as Bayer HealthCare Pharmaceuticals in the US and Canada. Bayer HealthCare’s aim is to discover and manufacture products that will improve human and animal health worldwide. www.bayerhealthcare.com

Bayer Schering Pharma

Bayer Schering Pharma is a worldwide leading specialty pharmaceutical company. Its research and business activities are focused on the following areas: Diagnostic Imaging, Hematology/Cardiology, Oncology, Primary Care, Specialized Therapeutics 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. www.bayerscheringpharma.de

Nektar Therapeutics

Nektar Therapeutics is a biopharmaceutical company that develops and enables differentiated therapeutics with its industry-leading PEGylation and pulmonary drug development platforms. Nektar PEGylation and pulmonary technology, expertise, manufacturing capabilities have enabled nine approved products for partners, which include the world's leading pharmaceutical and biotechnology companies. Nektar also develops its own products by applying its pulmonary and PEGylation technology platforms to existing medicines with the objective to enhance performance, such as improving efficacy, safety and compliance. www.nektar.com

Bayer AG, Investor Relations contacts:

Dr. Alexander Rosar (+49-214-30-81013)
Dr. Juergen Beunink (+49-214-30-65742)
Peter Dahlhoff (+49-214-30-33022)
Ilia Kürten (+49-214-30-35426)
Ute Menke (+49-214-30-33021)
Judith Nestmann (+49-214-30-66836)
Dr. Olaf Weber (+49-214-30-33567)

Forward-looking statements

This news release 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.