

TOP 20 PHARMA

1 Bayer Schering Pharma

Bayerwerk, Gebäude W11, Kaiser-Wilhelm-Allee,
51368 Leverkusen, Germany
Tel: (49) 214 30 1 Fax: (49) 214 30 66328
www.bayer.com

HEADCOUNT	106,200 (40,000 in pharmaceuticals)
YEAR ESTABLISHED	1971
PHARMA REVENUES*	\$12,294 +44%
TOTAL REVENUES*	\$44,391 +22%
NET INCOME	\$6,458 +205%
R&D BUDGET**	\$2,081 +32%

DRUGS APPROVED/LAUNCHED

Drug	Indication
recothrom	topical hemostatic

DRUGS PENDING APPROVAL

Drug	Indication
rivaroxaban	venous thromboembolism (EU)
campath	B-cell chronic lymphocytic leukemia first line

DRUGS IN PHASE IIB AND BEYOND

Drug	Indication
rivaroxaban	venous thromboembolism, stroke prevention in atrial fibrillation
nexavar	melanoma, non-small-cell lung cancer
bonefos	bone metastasis in breast cancer
zevalin	aggressive non-Hodgkin's lymphoma
yaz flex	fertility control (long cycle)
mirena	menorrhagia
angeliq	menopause management
visanne	endometriosis
VEGF trap-eye	wet age-related macular degeneration
alemtuzumab	multiple sclerosis

DRUGS COMING OFF PATENT

Drug	Indication
yasmin	oral contraceptive (2008)
yaz	oral contraceptive (2011)
avelox	antibiotic (2009)

TOP SELLING DRUGS

Drug	Indication	\$	(+/- %)
Yasmin***	female health	\$1,428	152%
Betaferon***	multiple sclerosis	\$1,409	110%
Kogenate	hemophilia	\$1,121	13%
Adalat	hypertension	\$842	2%
Avalox	antibiotic	\$610	23%
Cipro	antibiotic	\$525	-19%
Mirena	women's health	\$495	137%

Account for 67% of total pharma sales, down from 68% in 2005.

* Pharma unit, not including diagnostic imaging revenues of \$1.8 billion

** R&D only for Bayer Healthcare Pharmaceuticals unit

*** First full year of sales

THE LOWE DOWN

THIS IS THE FIRST FULL YEAR of Bayer Schering, so any judgments about the new operation will have to be tentative. Nexavar, the oncology compound that Bayer brought to the deal, is continuing to do well, and a big hope is another Bayer molecule, the Factor Xa inhibitor. (Blood clotting is a crowded market, but seems to be inexhaustibly huge). The messy loss of one of their other products in that area, though (Trasylol), hasn't exactly built confidence.

The company definitely went against the trend by cutting all its research in the U.S. and pulling back to the fatherland. The idea of "national champions" in the drug industry has always seemed fairly silly to me, but if Germany has one (or wants one), Bayer Schering is presumably it. (Merck Serono might wish to dispute that!) They've got an unfortunate set of initials for the English-speaking world, though, as their American researchers would have told them if they'd had long enough to mention it.

—Derek Lowe

BAYER'S ACQUISITION OF Schering AG became official in mid-2006, creating Bayer Schering Pharma. The move led to a boost of nearly 50% in Bayer's pharma revenues, enough to bump the company from 16 to 14 on our list, and leaving it temporarily within shouting distance of Schering-Plough.

SP will be moving on up, post-Organon, and Bayer Schering may be facing big problems in 2008. In March, a court overturned a key patent for Bayer's top seller, Yasmin oral contraceptive, opening the door for Barr Laboratories to launch a generic. The drug accounted for around \$500 million in U.S. sales in 2007 and was part of the Schering acquisition.

In June 2008, Bayer announced an authorized generic Yasmin with Barr beginning July 1, 2008, as well as an authorized generic of next-generation oral contraceptive Yaz by July 2011. The agreement stipulates that if Bayer gets the patent restored, it will receive a larger percentage of sales from Barr. Meanwhile, Bayer is suing Watson and Sandoz over their generic filing for Yasmin.

In worse news, BS pulled Trasylol, a treatment for bleeding during coronary artery bypass surgery, after a study reported a shocking increase in mortality among patients, compared to older treatments. One doctor estimated that use of Trasylol — and Bayer's lack of disclosure about a post-market study of it — may have led to as many as 22,000 deaths. Here's hoping Bayer saved some cash for a legal liabilities fund after spending around \$23 billion to pick up Schering. ■