

Bayer HealthCare



News Release

Bayer Announces Farnam Companies' Agreement to Halt Disputed Bio Spot® Ads

Shawnee, Kan. June 17, 2011 – Bayer HealthCare LLC announced today that it has reached a successful resolution of the lawsuit between Bayer and Farnam Companies Inc. over Farnam's advertising for its Bio Spot® flea and tick control products. As part of the settlement, Farnam has agreed to withdraw the challenged advertising.

Farnam's print and online advertising campaign included claims that Bio Spot® was "as effective as popular vet brands," that Bio Spot® was "the best flea and tick control available," and that Bio Spot® was "the choice of professionals." Farnam did not have any head-to-head clinical studies supporting its claims that its products were superior to, or as effective as, Bayer's premium flea and/or tick control products Advantage® II and K9 Advantix® II. Bayer argued in a challenge submitted to the National Advertising Division of the Council of Better Business Bureaus (or NAD) that Farnam's advertising claims were false and unsubstantiated; Farnam responded by filing a lawsuit in the United States District Court for the District of Arizona seeking a declaration that its advertising was not false.

Today's settlement announcement ends both the NAD challenge and federal lawsuit. As part of the settlement, Farnam has agreed to discontinue all of the advertising claims challenged by Bayer, and will refrain from making similar unsupported claims in future advertising. Farnam

will be given a short transition period to make the necessary changes to all of its advertising materials.

Bayer was represented by David H. Bernstein and Christopher Hamilton of Debevoise & Plimpton LLP, and Nicole Goodwin of Quarles & Brady LLP.

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 subgroup of Bayer AG with annual sales of EUR 16.913 billion (2010), 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, Medical Care and Pharmaceuticals divisions. Bayer HealthCare's aim is to discover and manufacture products that will improve human and animal health worldwide.

With sales of EUR 1,120 million (2010), Bayer's Animal Health business is one of the world's leading manufacturers of veterinary drugs. The division manufactures and markets approximately 100 different veterinary drugs and care products for food-supplying animals and companion animals. U.S. Headquarters for Bayer Animal Health is located in Shawnee, Kansas. Find more information at www.bayerhealthcare.com.

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Forward-Looking Statements

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