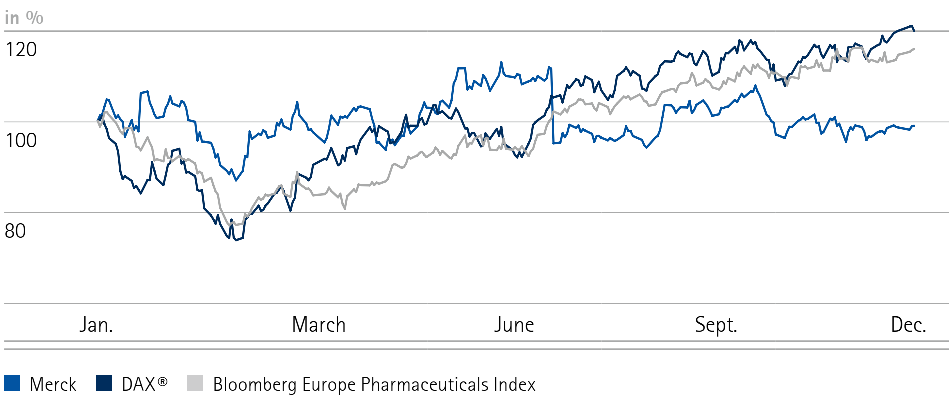
MERCK SHARES

Merck shares finished 2009 nearly at the previous year's level but underperformed the DAX®. This was due primarily to the negative news on drug regulatory submissions.

Improvement in the capital market arena

The year 2009 was marked by very dynamic developments in the international capital markets. Following a tailspin that lasted until around the end of the first quarter, the sentiment improved considerably as of April. The German share indices – first and foremost the DAX® blue chip index – climbed to unexpected highs up until the end of the year. The DAX®, which comprises the 30 largest publicly traded German companies by trading volume and market capitalization, closed on December 30 at 5,957 points, which represented an increase of 24% over the end of 2008. The index of European pharmaceutical companies represented by the Bloomberg Europe Pharmaceuticals Index (BEUPHRM) also increased significantly – but remained weaker than the DAX® for most of the year.

The performance of Merck shares vs. the DAX®/Bloomberg Europe Pharmaceuticals Index in 2009



Merck shares remain a stable investment

www.merck.de/share

During 2009, our shares moved in a range from € 57 to € 74. Following a good start to the year, negative news weighed on the share price several times. From a full-year perspective, Merck shares represented a stable investment in a highly dynamic market environment in 2009. The risk-balanced business model consisting of Pharmaceuticals and Chemicals modulated the fluctuations.

Our share price proved to be considerably more robust than the benchmark indices in the crisis-ridden first quarter. On January 23, 2009, the Merck share price jumped by 8.6% to € 69.89 when we announced the good results of the CLARITY study. The news that cladribine tablets could represent the first marketed oral treatment for multiple sclerosis supported the share price. Like the German indices, the Merck share price declined in the course of the first quarter and marked its low on March 6, 2009, closing at € 57.24.

Developments in the pharmaceutical business impact the share price

From May until the end of July, our shares developed on a par with or better than the DAX®, and they significantly outperformed the BEUPHRM. They reached € 74.37, the high for the year, on July 1, 2009.

On July 24, Merck shares tumbled in a one-day slide of nearly 15%. This was attributable to a letter from the scientific committee of the European Medicines Agency issuing a negative opinion on the use of our oncology drug Erbitux® in the treatment of lung cancer. The share price fell on one day from € 73.43 to € 62.62. Merck shares recovered only slowly from their decline in late July, developing stably thereafter but at a significantly lower level than the DAX® and BEUPHRM.

In September and October, Merck shares caught up with the indices and rose to € 70.99 on October 21. In November they fell again. In response to Merck's request for re-examination of the negative opinion on the use of Erbitux® in lung cancer, a negative opinion was again issued on November 19, 2009. Consequently, the share price decreased moderately by 2.4%. Lastly, on November 30, 2009 the refuse to file letter from the U.S. Food and Drug Administration on the new drug application for cladribine tablets led to a 4.0% decline in the share price to € 62.81 at the close of trading. Merck is working intensively to resubmit the application in the world's largest pharmaceutical market.

The recovery of the Liquid Crystals division supported the share price.

Nevertheless, at € 65.16, Merck shares ended the year just slightly above the comparable year-earlier level as a result of developments in the Chemicals business sector that had a counteractive effect on the share price. For instance, the Liquid Crystals business recovered significantly in the course of the year, a development that was viewed positively by financial analysts.

Share data[1]

	2009	2008
Earnings per share after tax and minonrity interest in €	1.68	1.69
Dividend in €	1.00	1.50
Share price high in € (July 1, 2009/January 9, 2008)	74.37	93.79
Share price low in € (March 6, 2009/November 21, 2008)	57.24	57.67
Year-end share price in €	65.16	64.51
Actual number of shares in millions (as of year-end)	64.6	64.6
Theoretical total number[2] of shares in millions (as of year-end)	217.4	217.4
Market capitalization[3] in € million (as of year-end)	14,165	14,024

[1] Share-price relevant figures relate to the closing price in Xetra ® trading on the Frankfurt Stock Exchange.

[2] The calculation of the theoretical number of shares in based on the fact that the general partner's equity capital is not represented by shares. As the share capital of € 168.0 million as of December 31, 2009 was divided into 64.6 million shares, the corresponding calculation for the general partner's capital of € 397.2 million resulted in 152.8 million theoretical shares.

[3] Based on the theoretical number of shares on December 31, 2009.

Focus on liquidity

On average, around 500,000 shares were traded daily in 2009, which compares with a daily trading volume of around 750,000 shares in 2008. On July 24, the first trading day after the negative opinion on Erbitux® in the lung cancer indication in Europe, nearly 4.5 million Merck shares changed hands. High liquidity is very important to us. We want to ensure at all times that our shares are freely tradable on the stock exchanges. With a market capitalization of € 14,165 million, Merck held 29th place in the DAX® ranking as compared with 24th place in 2008. In terms of average daily trading volumes, we moved up from 30th to 27th place.

Analysts' estimates

A total of 31 banks and equity analysts reported regularly on and assessed Merck shares in 2009. As of the end of 2009, Merck shares were given buy recommendations by more than half of the 31 analysts who cover us.
Details of the individual analysts and their estimates can be found on our website at www.merck.de/investors.

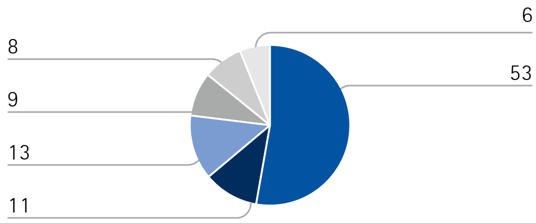
Transparency and proximity to shareholders

www.merck.de/investors

Maintaining a timely and continuous dialog with shareholders is very important to Merck. We therefore reported not only on our quarterly and annual financial results, but also on the latest developments in the company.
In 2009, the Executive Board and the Investor Relations team held road shows for existing and potential institutional investors at the major financial centers in Europe, North America and Asia, and reported on the latest company developments. In addition, Merck held presentations at ten investor conferences in Frankfurt, London, Luxembourg, Munich, New York, and Paris.
At our Investor Relations stand at the 2009 Annual General Meeting, we addressed questions, most of which were posed by private investors. At 59%, the share capital represented at this Annual General Meeting was the highest recorded to date.

Identified investors by region

in %



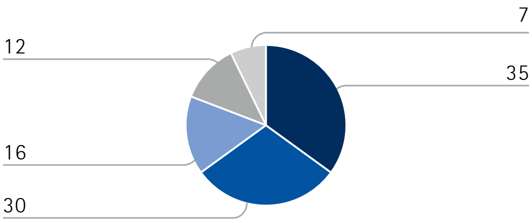
Source: Thomson Reuters (status as of September 2009)

United States United Kingdom Rest of Europe Germany France Rest of the world

Increase in the number of investors based in the United States
Within the scope of the shareholder identification survey conducted in September 2009, we identified around 87% of the bearer shares in free float held by institutional investors. The survey provides information about the regional distribution of the institutional investors as well as the classification of the respective institutional investor types. As in 2008, U.S. institutional investors hold the majority of Merck shares in free float. The share of U.S. investors increased from 45% in 2008 to 53% in 2009. Thus, the United States still ranks well ahead of the United Kingdom and Germany, where 11% and 9% of our shares are held, respectively. In the breakdown by investor type, the share of value investors grew from 23% in 2008 to 30%.

Identified investors by type

in %



Source: Thomson Reuters (status as of September 2009)

Growth · Value · GARP (Growth at reasonable price) · Index · Other

As of December 31, 2009, the following shareholders reported their holdings in Merck shares to the company in accordance with the German Securities Trading Act:

10–15% Sun Life Financial Inc., Toronto (Canada)
5–10% Capital Group Companies Inc., Los Angeles (United States)
5–10% Barclays PLC, London (United Kingdom)
5–10% BlackRock Inc., New York (United States)
3– 5% Capital World Growth and Income Fund Inc., Los Angeles (United States)
3– 5% Fidelity International Ltd., Hamilton (Bermuda)
3– 5% Templeton Global Advisors Ltd., Nassau (Bahamas)

A sustainable investment
We understand sustainability as ethical actions taken in line with the economic, ecological and social interests of all Merck stakeholders, such as our customers, suppliers, employees, and owners. Our efforts in these areas are continually analyzed and assessed by independent capital market institutes. Since 2008, Merck shares have been in the FTSE4Good Index, which comprises companies with highly sustainable business practices. Additionally, Merck shares are included in the DAX Global Sarasin Sustainability Germany Index.

Information on capital and shares
As of the balance sheet date, the company's subscribed capital is divided into 64,621,125 no par value bearer shares plus one registered share. The holder of the registered share is E. Merck Beteiligungen KG and is entitled and obliged to appoint one-third of the members of the Supervisory Board representing the limited liability shareholders. If the holder of the registered share is a general partner, he or she has no such right of appointment. The transfer of the registered share requires the company's approval. The approval is granted at the sole discretion of the personally liable general partner with an equity interest, namely E. Merck KG. As of December 31, 2009, one holding in the company's share capital (Sun Life Financial Inc., Toronto, Canada) exceeded 10% of the voting rights.
According to the Articles of Association of the company, the general partners not holding an equity interest, who form the Executive Board, are admitted by E. Merck KG with the consent of a simply majority of the other general partners. A person may only be a general partner not holding an equity interest if he or she is also a general partner of E. Merck KG. In addition, at the proposal of E. Merck KG and with the approval of all general partners not holding an equity interest, further persons may be appointed to the Executive Board who are not general partners not holding an equity interest.
The Articles of Association of the company can be amended by a resolution by the General Meeting that requires the approval of the general partners. The resolutions of the General Meeting are, notwithstanding any statutory provisions to the contrary, adopted by a simple majority of the votes cast. Where the law requires a capital majority in addition to the voting majority, resolutions are adopted by a simple majority of the share capital represented in the vote.
The Articles of Association of the company specify the share capital. The Executive Board is authorized, with the approval of the Supervisory Board and of E. Merck KG, to increase the share capital on one or several occasions until April 3, 2014 by up to a total of € 56,521,124.19 by issuing new shares against cash or contributions in kind. The company is not authorized to acquire its own shares.
The company has not entered into any material agreements subject to a change of control pursuant to a takeover offer nor has it concluded any compensation agreements with the members of the Executive Board or employees in the event of a takeover offer.