The division's gross margin in the first quarter improved 13% to EUR 82 million. Marketing and selling costs rose 6.8% in the first quarter as the division continued to pursue its strategy of focusing on strategic brands to drive growth. Spending on research and development was unchanged at EUR 4.8 million.

The division's first-quarter operating result increased fivefold to EUR 7.7 million from EUR 1.5 million in the year-ago quarter. This improvement was reflected in ROS (operating result/total revenues), which rose to 6.6% in the first quarter of 2011 from 1.4% in the year-ago quarter. Free cash flow for the first quarter was EUR 13.0 million compared to EUR –2.5 million in the year-ago quarter.

MERCK MILLIPORE

The Merck Millipore division comprises the activities of the former Millipore Corporation, a leading U.S.-based life science company acquired last July, and the majority of Merck's former Performance & Life Science Chemicals division. As the businesses are now fully integrated, it is not possible to provide comparable year-ago figures.

Merck Millipore | Key figures

EUR million	Q1 – 2011	Q1 – 2010
Total revenues	611.3	229.6
Gross margin	356.3	127.0
Research and development	–32.6	–6.8
Operating result	72.0	35.2
Exceptional items	–	–
Free cash flow	51.5	19.6
Underlying free cash flow	57.8	19.6
ROS in %	11.8	15.3

The new division's first-quarter total revenues amounted to EUR 611 million.

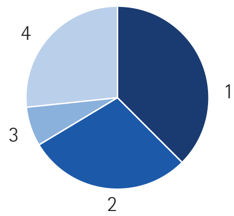
The division has three business units – Bioscience, which represents 18% of total revenues; Lab Solutions, 40%; and Process Solutions, 42%.

The Bioscience business unit supplies products and services to specialized life science research laboratories and pharmaceutical and biotech companies for drug discovery and development. Two of its newest products are aimed at making the work of research scientists faster, easier and more exact. The launch of the Scepter™ in early 2010 was very successful and is driving sales of the business unit. Scepter™ is the world's first automated handheld cell counter, which eliminates the tedious and time-consuming process of visually counting cells. In the first quarter of this year, Merck Millipore launched the new Scepter™ 2.0, which gives extended application for cell counting. The Samplicity™ Filtration System, an innovative new technology that provides a convenient high throughput alternative to syringe-tip filters when preparing samples for chromatography, received the prestigious Editor's Silver Award for best new product at the March 2011 Pittcon, the world's largest laboratory science trade show.

Merck Millipore | Sales by region – Q1

EUR million / % of divisional sales

1	Europe	230	37%
2	North America	175	29%
3	Latin America	43	7%
4	Asia, Africa, Australasia	162	27%



The Lab Solutions business unit is a leading supplier addressing the needs of customers in laboratories, with chemicals, lab water equipment and products and tests ensuring product safety. As both Merck and Millipore had built up substantial expertise in this field, the business unit initiated "cross-selling" to exploit synergies. For example, pre-existing distribution channels are marketing products from both Merck and Millipore, especially in emerging markets.

One of the major product groups in this business unit is equipment to produce ultra-pure water, a necessity in every laboratory. The newest addition to this line is the Elix Gulfstream Clinical water purification system that can produce higher volumes of water with lower costs and down time.

Another area of expertise is biomonitoring. Merck announced in March that it is acquiring the microbiology business of Biotest AG in the attractive growth segment industrial microbiology for contamination detection for a purchase price of up to EUR 101 million including possible contingent payments. This business will add to Merck Millipore's existing dehydrated cell culture media and testing systems, or "ready-to-use" culture media and instruments. The acquisition is expected to close in the second half of this year and should contribute about EUR 50 million in revenues on an annual basis.

The Process Solutions business unit mainly supplies products used in the production of biopharmaceutical drugs. Sales developed well, driven by biotech customers, in particular in the emerging markets of Asia. This is due to the increasing number of multinational customers moving to Asia and to increasing regulatory requirements in China.

Process Solutions also is acquiring a new business. Merck Millipore announced in January that it is purchasing Beijing Skywing Technology Co. Ltd., a leading supplier of cell culture media products, establishing a direct presence in this market segment in China. The purchase price is about EUR 14 million.

As with total revenues, both marketing and selling as well as R&D expenses increased significantly, primarily as a result of the acquisition. The division booked EUR 47 million for amortization of intangible assets in connection with the purchase price allocation for Millipore. Similar amounts will be recorded every quarter for several years.

This led to a first-quarter operating result of EUR 72 million with an ROS (operating result / total revenues) of 11.8%. The core operating result, which excludes Millipore-related amortization of intangible assets and integration costs, was EUR 131 million, resulting in a core ROS of 21.5%.

The underlying free cash flow for the first quarter of 2011 was EUR 58 million.

PERFORMANCE MATERIALS

The Performance Materials division comprises Merck's materials businesses and activities, i.e. Liquid Crystals, Pigments & Cosmetics, as well as Advanced Technologies such as materials for OLEDs (organic light-emitting diodes), LEDs (light-emitting diodes), photovoltaics and other innovative technologies.

Performance Materials | Key figures

EUR million	Q1 – 2011	Q1 – 2010
Total revenues	408.7	354.9
Gross margin	264.2	225.9
Research and development	–36.5	–31.3
Operating result	168.8	131.5
Exceptional items	157.0	–
Free cash flow	298.6	106.7
Underlying free cash flow	97.6	106.7
ROS in %	41.3	37.1

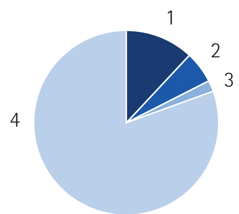
Total revenues of the division rose 15% in the first quarter of 2011 to EUR 409 million from EUR 355 million in the year-ago quarter. Positive currency effects accounted for 6.4 percentage points of the revenue increase with 13.7 percentage points stemming from organic growth. The divestment of the Crop BioScience business during the first quarter reduced revenues by 4.9%.

The larger share of the division's revenues stems from the Liquid Crystals business unit which posted robust growth in the first quarter. This was largely due to the continued high demand for Merck's broad range of high-quality liquid crystal materials, which are used in flat panel screens for televisions, computer monitors, tablets, and smart phones, among other applications.

Performance Materials | Sales by region – Q1

EUR million / % of divisional sales

1	Europe	49	12%
2	North America	23	6%
3	Latin America	8	2%
4	Asia, Africa, Australasia	327	80%



Sales by the Pigments & Cosmetics business unit rose to a record high as demand in both the industries it serves continued to improve.

The March 11 earthquake in Japan, which disrupted power supplies and damaged roads and other infrastructure in the northeastern part of the country, did not affect the division's Liquid Crystals business and had only minor financial impact on the pigments business in the first quarter due to damage to the production plant in Onahama. Merck expects production at Onahama to resume in early June. In addition, before the end of this year, Merck intends to begin producing its popular Xirallic® pigments for automotive coatings additionally at a site in Europe. Besides Japan, Merck produces effect pigments in Germany, China and the United States.

The Performance Materials division's production costs grew at a slower rate than total revenues, leading to a gross margin increase of 17% to EUR 264 million in the first quarter compared to EUR 226 million in the year-ago quarter. Production utilization was at a high level for both liquid crystals and pigments.

Research and development costs rose by 17% to EUR 36 million, or 8.9% of total revenues, in the first quarter. This comparatively high R&D spending rate for a chemicals business is justified by the high-margin technological advances Merck scientists produce.

With a gross margin that rose faster than expenses, the operating result of the Performance Materials division increased 28% to EUR 169 million in the first quarter compared to EUR 132 million in the year-ago quarter. The division's ROS was 41.3% compared to 37.1% the first quarter of 2010.

Free cash flow for the Performance Materials division rose to EUR 299 million in the first quarter from EUR 107 million in the year-ago quarter. The first-quarter underlying free cash flow was EUR 98 million in 2011 and EUR 107 million in 2010.

The division booked an exceptional item of EUR 157 million on the sale of its Crop BioScience business to Novozymes A/S of Denmark.

CORPORATE AND OTHER

The segment Corporate and Other includes corporate overhead costs incurred by Group holding companies, the financial result, taxes and certain exceptional items that are not allocated to specific divisions.

Corporate and Other | Key figures

EUR million	Q1 – 2011	Q1 – 2010
Total revenues	–	–
Gross margin	–	–
Research and development	–	0.1
Operating result	–25.3	–51.5
Exceptional items	–	–
Free cash flow	–255.9	–120.4
Underlying free cash flow	–255.9	–108.6