MERCK GROUP

In the first quarter of 2011, Merck Group total revenues increased 22% to EUR 2,564 million from EUR 2,099 million in the year-ago quarter, with the July 2010 acquisition of the Millipore Corporation in the United States continuing to have a positive effect. Acquisitions – mainly Millipore – and divestments accounted for 16 percentage points of the increase while positive currency effects and organic growth were responsible for 3.2 percentage points and 3.1 percentage points, respectively. In addition, as mentioned in the year-ago report, pharmaceutical sales in the first quarter of 2010 were about EUR 50 million higher than normal because wholesalers in the United States had received an extra 20 days supply of Rebif® and other products during March. This was a precautionary measure because Merck's US subsidiary EMD Serono was converting its computer system in April 2010.

Royalty, license and commission income in the first quarter of 2011 increased 13% to EUR 86 million, mainly stemming from the Merck Serono division.

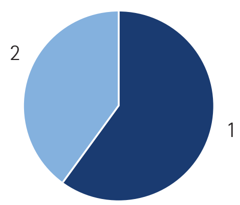
Cost of sales increased by 31%. Nevertheless, the gross margin in the first quarter improved by 19% to EUR 1,924 million from EUR 1,612 million in the year-ago quarter.

Most figures for the Group will continue to show significant variations in the first and second quarters due to the fact that the Millipore acquisition closed on July 14, 2010, and therefore there were no Millipore contributions in the first half of 2010. Consequently, marketing and selling expenses in the first quarter of 2011 rose 26% to EUR 592 million. Royalty, license and commission expenses declined 8.9% to EUR 111 million due to a decline in commission payments for pharmaceuticals.

Total revenues by business sector – Q1

EUR million / % of total revenues

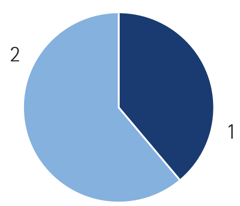
1	Pharmaceuticals	1,544	60%
2	Chemicals	1,020	40%



Operating result by business sector* – Q1

EUR million / % of operating result

1	Pharmaceuticals	156	39%
2	Chemicals	241	61%



*excluding Corporate and Other

Components of growth by division – Q1

Change in total revenues compared to last year in %	Merck Serono	Consumer Health Care	Merck Millipore	Performance Materials	Merck Group
Organic growth	0.5	5.8	2.0	13.7	3.1
Currency effects	2.4	2.6	3.7	6.4	3.2
Acquisitions/divestments	–1.4	–	160.5	–4.9	15.8
Total	**1.5**	**8.4**	**166.2**	**15.2**	**22.1**

Administration expenses increased by 20% to EUR 125 million in the first quarter of 2011 with 15 percentage points of the increase attributable to Millipore, another 2.2 percentage points to currency effects and 2.2 percentage points to organic growth.

Other operating expenses and income decreased by 28% to EUR -97 million. This figure includes Millipore integration costs of EUR 12 million and EUR 4.2 million for repairs to a Merck facility in Japan due to the March 11 earthquake.

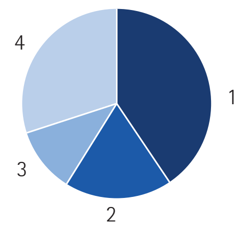
Research and development spending rose 9.3% or EUR 32 million to EUR 380 million in the first quarter of 2011 mainly due to increases in the Chemicals divisions, amounting to EUR 5.2 million in Performance Materials and EUR 26 million in Merck Millipore.

Amortization of intangible assets increased significantly by 77% to EUR 248 million. This amount includes amortization of intangible assets from the Millipore purchase price allocation amounting to EUR 47 million and EUR 199 million from the 2007 purchase of Serono. The latter figure includes EUR 50 million for the impairment loss on the value of cladribine, a drug candidate for the oral treatment of multiple sclerosis.

Merck Group | Sales by region – Q1

EUR million / % of sales

1	Europe	1,008	41%
2	North America	455	18%
3	Latin America	272	11%
4	Asia, Africa, Australasia	742	30%



Despite the above expenses, the operating result increased at a higher rate than total revenues and the gross margin. The first-quarter operating result rose 26% to EUR 372 million from EUR 295 million in the year-ago quarter. Organically, meaning excluding acquisitions, basically Millipore, divestments, and currency effects, the Group operating result rose by 14%.

The Group return on sales (ROS: operating result/total revenues) increased to 14.5% in the first quarter of 2011 compared to 14.0% in the year-ago quarter, boosted by the strong performance of the Chemicals business sector. Group core ROS (operating result excluding Serono- and Millipore-related amortization of intangible assets and integration costs/total revenues) in the first quarter of 2011 was 24.6% compared to 20.6% in the year-ago quarter.

Exceptional items in the first quarter of 2011 amounted to EUR 158 million. This included EUR 157 million from the sale of the Crop BioScience business to Novozymes A/S (announced in December 2010) and EUR 1 million in additional cash in-flow from the sale of the Théramex women's health business (completed in 2010). The year-ago amount was negligible.

Therefore, earnings before interest and tax (EBIT) in the first quarter of 2011 jumped 80% to EUR 530 million compared to EUR 295 million in the year-ago quarter.

Due to interest on the financing for Millipore, Merck's financial result increased by 77% to EUR -68 million in the first quarter of 2011 compared to EUR -39 million in the year-ago quarter.

The Merck Group's first-quarter profit before tax increased 80% to EUR 461 million from EUR 256 million in the year-ago quarter. Merck's underlying tax ratio was 25.1% for the first quarter of 2011 compared to 24.0% in the year-ago quarter.

Profit after tax in the first quarter of 2011 jumped by 77% to EUR 344 million from EUR 195 million in the first quarter of 2010.

Total assets of the Merck Group as of March 31, 2011, amounted to EUR 22,218 million, nearly unchanged from the EUR 22,388 million in total assets recorded on December 31, 2010.

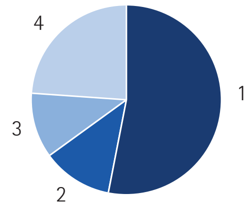
The equity ratio increased to 47.6% as of March 31, 2011, from 46.3% at the beginning of the year. As a result of the Group's positive cash flow development, net financial debt in the first quarter of 2011 declined by EUR 743 million to EUR 3,742 million from EUR 4,484 million at the end of 2010.

The free cash flow of the Merck Group in the first quarter of 2011 totaled EUR 645 million, which was EUR 451 million higher than in the year-ago quarter. This was mainly the result of payments received on the sale of the Crop BioScience and Théramex businesses. The first interest payment on the bonds for financing the Millipore acquisition, EUR 117 million, was made during the first quarter. The underlying free cash flow (defined as free cash flow excluding acquisitions and divestments) was EUR 186 million in the first quarter of 2011, compared to EUR 207 in the year-ago quarter. The free cash flow on revenues (FCR, defined as underlying free cash flow / total revenues) was 7.2% in the first quarter compared to 9.8% in the year-ago quarter.

Merck had 40,274 employees worldwide on March 31, 2011, compared to 40,562 employees on December 31, 2010. The change reflects the impact of deconsolidations as well as the addition of new employees in various countries.

Number of employees as of March 31, 2011: 40,274

1	Europe	21,411	53%
2	North America	4,813	12%
3	Latin America	4,481	11%
4	Asia, Africa, Australasia	9,569	24%



BUSINESS SECTORS

The pharmaceutical, chemical and life science businesses of Merck are organized into two business sectors – Pharmaceuticals and Chemicals – each of which consists of two divisions.

The Pharmaceuticals business sector's divisions are Merck Serono for innovative prescription medicines and Consumer Health Care for over-the-counter pharmaceutical products. The Pharmaceuticals business sector generated 60% of the company's total revenues and 39% of the Group operating result* during the first quarter. Total revenues for the Pharmaceuticals sector increased by 1.9% to EUR 1,544 million during the first quarter.

The smaller than usual increase in quarterly revenues for this business sector was due mainly to a one-time spike in sales of Rebif® and other Merck Serono products in the United States during March of 2010 owing to the changeover of a computer system in April. In addition, sales declined due to the divestment of the Théramex women's health business. These factors were somewhat offset by the recovery in the Consumer Health Care division, which recorded an 8.4% rise in total revenues.

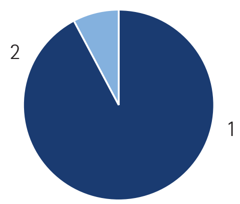
While the Pharmaceuticals business sector's cost of sales declined and the gross margin rose during the first quarter, amortization of intangible assets was about EUR 50 million higher than normal due to the impairment of the multiple sclerosis drug candidate cladribine. Therefore, the sector's first-quarter operating result fell by 13% to EUR 156 million compared to the year-ago quarter.

IMS Health, the world's leading provider of market intelligence for the pharmaceutical and healthcare industries, said in its most recent forecast that it expects the global pharmaceutical market to grow by 5% to 7% in 2011.

Pharmaceuticals | Total revenues by division – Q1

EUR million / % of total revenues of the business sector

1	Merck Serono	1,427	92%
2	Consumer Health Care	117	8%



* excluding Corporate and Other

The Chemicals business sector was reorganized last year after the July 14, 2010, acquisition of the U.S.-based life-science company Millipore. Millipore was combined with most of the Performance & Life Science Chemicals division to form the Merck Millipore division. This division has three business units – Bioscience, Lab Solutions and Process Solutions. The second Chemicals division is Performance Materials. It consists of two business units – Liquid Crystals and Pigments & Cosmetics.

The Chemicals business sector contributed 40% of the Group's total revenues and 61% of the operating result*.

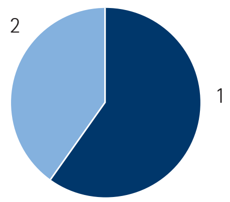
This business sector's first-quarter total revenues jumped 75% to EUR 1,020 million. This was largely due to the inclusion of Millipore sales as well as strong sales growth in the Performance Materials division. The gross margin grew at a faster rate than total revenues, reaching EUR 620 million. The business sector booked EUR 48 million for amortization of intangible assets, mainly for the Millipore acquisition. The Chemicals business sector's operating result rose 44% to EUR 241 million.

The German Chemical Industry Association (VCI) forecast on December 14, 2010, that German chemical production would increase by 2.5% and sales of German chemicals would rise by 4% in 2011.

Chemicals | Total revenues by division – Q1

EUR million / % of total revenues of business sector

1	Merck Millipore	611	60%
2	Performance Materials	409	40%



* excluding Corporate and Other

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

RISK REPORT

All issues concerning business-related risks, legal risks, human resources risks, information technology risks and environmental and safety risks – as previously stated in the 2010 Annual Report – remain valid for the Merck Group in the current reporting period.

No issues have been identified that pose a risk to the continued existence of the Merck Group.

REPORT ON EXPECTED DEVELOPMENTS

The total revenues and operating result of the Merck Group continued to develop well in the first quarter of 2011. As it is now apparent that sales of Cladribine Tablets will be minimal this year, full-year total revenues for the Merck Serono division are expected to increase by 1% to 6%, the lower range stated on February 21. The guidance given for the three other divisions remains as previously stated. As a result, the Executive Board now believes that full-year total revenues for the Group will increase by 10% to 15%, three percentage points lower than previously stated.

As demonstrated in the first quarter, the net financial debt of the Merck Group resulting from the Millipore acquisition will steadily decrease over the next several years, also as a result of a high free cash flow.

The Executive Board also expects the 2011 operating result for the Group will remain as stated on February 21 and should not be materially affected by the natural disaster and its consequences in Japan.

Merck Guidance for 2011

Merck Divisions	Total Revenues Growth 2011
Merck Serono	+1% – 6%
Consumer Health Care	+7% – 12%
Merck Millipore*	+51% – 56%
Performance Materials*	+2% – 7%

* Adjusted to reflect that the Cosmetic Actives business was transferred to Performance Materials in 2011 from Merck Millipore.

Merck Group	Expectations 2011
Total Revenues Growth	+10% – 15%
Operating Result Growth	+35% – 45%
Core ROS**	22% – 23%

** Excludes costs related to the purchase of Serono (amortization of intangible assets) and costs related to the purchase of Millipore (amortization of intangible assets as well as integration costs during 2011)