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.

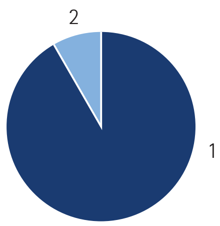
The Pharmaceuticals business sector's divisions are Merck Serono for innovative prescription medicines and Consumer Health Care for over-the-counter pharmaceutical products. The Pharmaceuticals business sector generated 63% of the Group's total revenues during the third quarter. Total revenues for the Pharmaceuticals business sector increased by 5.5% to € 1,602 million during the third quarter.

The Pharmaceuticals business sector was affected by increased cost of sales for the Merck Serono division due to negative currency effects – mainly the strong Swiss franc – plus a negative product mix, start-up costs for the new biotech production plant in Switzerland and higher research and development expenses. As a result, the Pharmaceuticals business sector's third-quarter operating result declined 15% to € 191 million from € 226 million in the year-ago quarter.

Pharmaceuticals | Total revenues by division – Q3

€ million / % of total revenues of the business sector

1	Merck Serono	1,469	92%
2	Consumer Health Care	133	8%



The Chemicals business sector includes the Merck Millipore division, with three business units – Bioscience, Lab Solutions, and Process Solutions, as well as the Performance Materials division, which consists of two business units – Liquid Crystals and Pigments & Cosmetics.

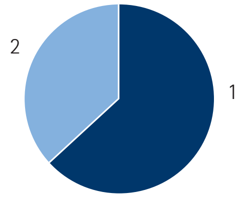
The Chemicals business sector accounted for 37% of the Group's total revenues in the third quarter.

This business sector's total revenues rose by 1.1% to € 930 million in the third quarter as sales of life science products compensated for softened demand for liquid crystals and effect pigments. The Chemicals business sector's operating result rose 2.6% to € 166 million in the third quarter.

Chemicals | Total revenues by division – Q3

€ million / % of total revenues of business sector

1	Merck Millipore	588	63%
2	Performance Materials	342	37%



MERCK MILLIPORE

The Merck Millipore life science division comprises the activities of the former Millipore Corporation, acquired on July 14, 2010, and the majority of Merck's former Performance & Life Science Chemicals division. With the third quarter, it is now possible to provide comparable year-ago figures.

Merck Millipore | Key figures

€ million	Q3 – 2011	Q3 – 2010	Jan.–Sep. 2011	Jan.–Sep. 2010
Total revenues	588.3	559.0	1.783.2	1.033.0
Gross margin	340.3	290.6	1.026.3	545.1
Research and development	–33.7	–30.0	–98.2	–43.3
Operating result	53.1	13.2	171.4	47.0
Exceptional items	–	–	–	–
Free cash flow	26.6	–4.831.9	137.1	–4.791.2
Underlying free cash flow	101.9	101.8	228.8	142.6
ROS in %	9.0	2.4	9.6	4.5

Merck announced during the third quarter that Robert Yates would succeed Bernd Reckmann as President of Merck Millipore on September 1. Yates joined Merck from Roche Holding AG's diagnostics division. Reckmann remains Merck Executive Board Member responsible for the Chemicals business sector, which includes the Merck Millipore and Performance Materials divisions.

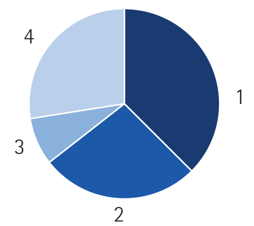
The Merck Millipore division has three business units – Bioscience representing 18% of third-quarter total revenues; Lab Solutions representing 42%; and Process Solutions representing 40%.

The Merck Millipore division's total revenues increased 5.2% to € 588 million in the third quarter of 2011 compared to € 559 million in the year-ago period. Changes in foreign exchange rates reduced revenue growth by 3.5% and acquisitions added 1.5% in growth, which led to a 7.3% increase in organic revenue growth in the third quarter. This strong organic growth benefited from a low base in the third quarter of 2010 due to a change in distribution vendors in Europe, which considerably slowed down sales in the year-ago period.

Merck Millipore | Sales by region – Q3

€ million / % of divisional sales

1	Europe	221	38%
2	North America	158	27%
3	Latin America	47	8%
4	Asia, Africa, Australasia	161	27%



This good performance was driven by strong year-over-year increases in the Lab Solutions and Process Solutions business units. The Merck Millipore division began to see weakening demand from global industrial customers and academic and government-sponsored laboratories in the United States during the third quarter. However, these markets do not represent a material portion of the overall revenues of the division.

The division acquired the industrial microbiology business of Biotest AG, Dreieich, Germany, in August. The Biotest activities have been integrated into the Lab Solutions business unit and will expand the division's portfolio of biomonitoring testing products. On August 30, Merck announced that it had agreed to acquire the Amnis Corporation of Seattle, which designs, manufactures and markets high-speed cell imaging instrumentation. It will become part of the division's Bioscience business unit. The closing was on October 4.

From a business unit perspective, the Bioscience business unit's third-quarter growth was driven by a good performance in North America, particularly for pharmaceutical customers. Sales in China and India showed double-digit growth. The business unit's cell biology products, including flow cytometry, continue to be some of its fastest growing product lines.

Lab Solutions sales growth was powered by strong performances of its Lab Water and BioMonitoring products. BioMonitoring is benefiting from several important new product launches.

Third-quarter Process Solutions sales growth was driven by strong business in emerging markets, as well as a double-digit growth in sales to global biotech customers, who increased their production of biologic drugs and vaccines. The business unit's growth is also benefiting from increased demand for single-use manufacturing products, which have grown to represent a material portion of its sales.

The division's gross margin increased by 17% to € 340 million in the third quarter of 2011 primarily due to the effect of a € -43 million inventory step-up that was booked in the year-ago quarter as part of the purchase-price allocation for the Millipore Corporation. In addition, the division has increased operational spending to support future growth. This included investments in marketing and selling (+10%) and research and development (+12%).

This led to a third-quarter operating result of € 53 million compared to € 13 million in the year-ago quarter. The division's third quarter EBIT margin was 9.0% compared to 2.4% in the year-ago quarter.

The third-quarter underlying core operating result, which is adjusted for one-time charges and amortization of purchased intangibles, was € 107 million, or 18.3% of total revenues, compared to € 125 million, or 22.4% of total revenues, in the third quarter of 2010. The year-over-year decrease was the result of changes in foreign currency exchanges rates, higher production costs, and higher levels of investment in the division's R&D and sales organizations.

PERFORMANCE MATERIALS

The Performance Materials division primarily comprises Merck's Liquid Crystals and Pigments & Cosmetics business units.

Third-quarter total revenues of the division declined 5.2% year-over-year to € 342 million. Currency exchange rates lowered revenue growth by 1.7% and the divestment of the division's Crop BioScience business in February subtracted another 2.2 percentage points from growth, resulting in an organic revenue decline of 1.3% in the third quarter.

Performance Materials | Key figures

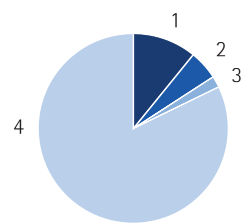
€ million	Q3 – 2011	Q3 – 2010	Jan.–Sep. 2011	Jan.–Sep. 2010
Total revenues	341.7	360.4	1,123.8	1,114.5
Gross margin	195.7	241.5	658.5	733.5
Research and development	–34.3	–33.4	–100.9	–94.7
Operating result	112.9	148.7	386.0	447.6
Exceptional items	–0.1	–	157.3	–
Free cash flow	153.5	158.9	606.0	418.5
Underlying free cash flow	153.5	165.4	405.1	425.0
ROS in %	33.0	41.2	34.3	40.2

Third-quarter sales for the Liquid Crystals business unit increased organically by just 2.4% in the quarter as customers reduced stocks in the third quarter in response to a weaker economic environment. Similar to the trend that the division saw in the second quarter, the primary driver of sales in the third quarter was solid volume demand for Merck's broad range of innovative liquid crystal materials, which are used in flat panel screens for televisions and computer monitors as well as touch screens for the very popular smart phones and electronic tablets.

Performance Materials | Sales by region – Q3

€ million / % of divisional sales

1	Europe	37	11%
2	North America	17	5%
3	Latin America	7	2%
4	Asia, Africa, Australasia	279	82%



Sales by the Pigments & Cosmetics business unit declined 12% organically during the third quarter due to lower volumes and softer demand across all business fields.

On September 21, Merck announced a global price increase for all its pigments and cosmetics raw materials, in most cases up by 5% to 15% and in select cases by as much as 30%. The new prices, which take effective November 1, 2011, reflect the higher costs of energy and raw materials.

Reactive mesogens and other optic materials are beginning to make a noticeable contribution to the division's revenue stream. Reactive mesogens are liquid crystalline materials that can either be coated onto flexible plastic foils to form compensation films or be used inside a display to form in-cell optical elements. Their main application at this time is in 3D displays, such as in flat-panel televisions.

The division's gross margin dropped 19% to € 196 million from € 242 million in the year-ago quarter. This decrease was due to lower revenue and an unfavorable product mix, as well as lower utilization rates, increased raw material costs and additional expenses linked to new product launches.

Research and development costs rose 2.7% to € 34 million, or 10% of total revenues.

This led to a 24% decline in the third-quarter EBIT to € 113 million, or 33.0% of revenues, compared to € 149 million, or 41.2% of revenues in the third quarter of 2010.

Through the first nine months of the year, the division generated 4.4% organic revenue growth and posted an underlying core operating result of € 395 million, or 35.1% of revenues.