MERCK GROUP

Total revenues of the Merck Group increased 3.8% to € 2,532 million in the third quarter from € 2,438 million in the year-ago quarter with solid contributions from the Pharmaceuticals divisions and the Merck Millipore life science division. Exchange rate movements reduced third-quarter revenue growth by 2.2% and divestments subtracted a further 0.9%. Adjusted for these items, third quarter organic revenue growth was 6.9%.

Royalty, license and commission income rose 7.2% to € 97 million in the third quarter. The Group's third-quarter gross margin was € 1,852 million, or 73% of total revenues, compared to € 1,818 million, or 75% of total revenues, in the third quarter of 2010. The percentage decline was the result of negative currency effects, unfavorable product mixes and higher production costs.

Royalty, license and commission expenses, mainly stemming from third-party sales of Rebif® and Erbitux®, climbed with increased sales of these products, rising 16% to € 134 million in the third quarter.

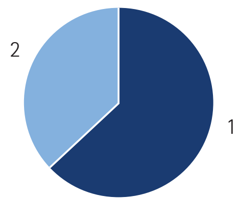
Administration expenses decreased by 2.7% to € 124 million in the third quarter of 2011. Other operating expenses and income declined by 1.3% to € 90 million from € 91 million in the year-ago quarter.

Research and development spending increased 6.4% to € 371 million in the third quarter of 2011 mainly due to expensive late-stage clinical trials of Merck Serono and a strong Swiss franc during the quarter.

Total revenues by business sector – Q3

€ million / % of total revenues

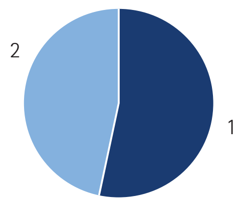
1 Pharmaceuticals	1,602	63%
2 Chemicals	930	37%



Operating result by business sector* – Q3

€ million / % of operating result

1 Pharmaceuticals	191	53%
2 Chemicals	166	47%



*excluding Corporate and Other

Components of growth by division – Q3

Change in total revenues compared to last year in %	Merck Serono	Consumer Health Care	Merck Millipore	Performance Materials	Merck Group
Organic growth	8.9	7.1	7.3	–1.3	6.9
Currency effects	–1.9	–0.8	–3.5	–1.7	–2.2
Acquisitions /divestments	–1.5	–	1.5	–2.2	–0.9
Total	**5.4**	**6.3**	**5.2**	**–5.2**	**3.8**

Amortization of intangible assets rose 7.4% to € 213 million from € 198 million in the year-ago quarter. This includes amortization of intangible assets from the Millipore purchase price allocation amounting to € 47 million and € 164 million from Merck Serono. The latter figure includes an incremental € 17 million as a result of shortening the amortization period for Rebif®.

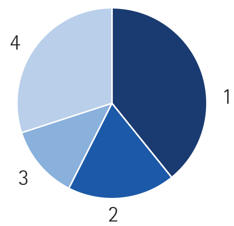
Third-quarter earnings before interest and tax (EBIT) declined 8.4% to € 333 million, or 13.2% of total revenues, compared to € 363 million, or 14.9% of total revenues, in the year-ago quarter. The third-quarter underlying core operating result, which excludes Merck Serono- and Merck Millipore-related amortization of intangible assets and other one-time charges, was € 552 million, or 21.8% of revenues, compared to € 624 million, or 25.6% of revenues, in the year-ago quarter. The primary reason for the decline in profitability was a weakening of the Performance Materials division, which faced a slowdown in its respective end-user industries, and the increase in R&D costs.

Merck's financial result improved by 5.0% to € -70 million in the third quarter of 2011 compared to € -74 million in the year-ago quarter due to higher interest income.

Merck Group | Sales by region – Q3

€ million / % of sales

1	Europe	956	39%
2	North America	448	18%
3	Latin America	306	13%
4	Asia, Africa, Australasia	725	30%



The Merck Group's third-quarter profit before tax was down 9.2% to € 263 million compared to € 289 million in the year-ago quarter.

The underlying tax ratio was 12.5% for the third quarter of 2011 compared to 25.8% in the year-ago quarter. This favorable reduction was the result of one-time deferred tax income.

Due to a 56% reduction in taxes to just € 33 million, profit after tax in the third quarter of 2011 increased 7.2% to € 230 million from € 215 million in the third quarter of 2010.

Total assets of the Merck Group as of September 30, 2011 amounted to € 22,394 million, which was slightly more than the € 22,388 million recorded on December 31, 2010.

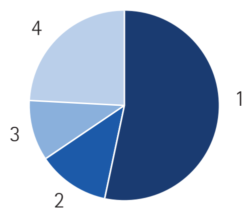
At 46.6%, the equity ratio as of September 30, 2011, was virtually consistent with the figure of 46.3% on December 31, 2010. Net financial debt as of September 30, 2011, declined by € 1,041 million to € 3,443 million from € 4,484 million at the end of 2010. The high equity ratio and the strong de-leveraging of the balance sheet over the last 12 months are affirmation of the Merck Group's conservative financial policy.

The free cash flow of the Merck Group was € 482 million in the third quarter of 2011 as compared with € -4,383 million in the year-ago quarter. The sharp change is due primarily to last year's purchase price payment for the acquisition of Millipore. Underlying free cash flow (free cash flow excluding acquisitions and divestments) amounted to € 516 million in the third quarter of 2011 and to € 960 million in the period from January through September 2011. This compares with € 561 million in the year-ago quarter and € 1,127 million in the first nine months of 2010. In the third quarter of 2011, free cash flow on revenues (FCR: defined as underlying free cash flow as a proportion of total revenues) was 20.4% compared with 23.0% in the third quarter of 2010. For the period from January through September 2011, free cash flow on revenues totaled 12.5% compared with 16.7% in the year-ago period.

Merck had 40,849 employees worldwide on September 30, 2011, compared to 40,562 on December 31, 2010. About 300 employees joined Merck during the third quarter with the acquisition of Biotest AG's industrial microbiology business.

Number of employees as of September 30, 2011: 40,849

1	Europe	21,868	54%
2	North America	4,915	12%
3	Latin America	4,250	10%
4	Asia, Africa, Australasia	9,816	24%



CORPORATE AND OTHER

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

Corporate and Other | Key figures

€ million	Q3 – 2011	Q3 – 2010	Jan.–Sep. 2011	Jan.–Sep. 2010
Total revenues	–	–	–	–
Gross margin	–	–	–	–
Research and development	–	–	–	–
Operating result	–23.8	–24.1	–73.8	–73.6
Exceptional items	–0.2	–	–17.5	–1.2
Free cash flow	–84.3	–127.9	–451.9	–324.6
Underlying free cash flow	–125.1	–124.6	–492.7	–305.9

RISK REPORT

The Merck Group operates global in a variety of highly innovative business fields, which results in exposure to potential risks as well as opportunities. As of this date, the previously stated risk categories enumerated in the 2010 Annual Report's Risk Report on pages 86 through 94 remain valid for the Merck Group. The company is not aware of any risks that could jeopardize the continued existence of the Merck Group.

The company has a risk management system in place to identify and mitigate potential risks. Merck continuously monitors business risks such as issues regarding liquidity, defaults on payables and receivables, currency and interest rates, market pricing, pension obligations, assessment of independent rating agencies, human resources and information technology. Regarding legal risks, Merck monitors a host of potential issues such as litigation regarding product liability, antitrust law, pharmaceutical law, patent law and environmental protection among others.

REPORT ON EXPECTED DEVELOPMENTS

The Executive Board forecasts full-year total revenues for the Group to be about € 10 billion to € 10.2 billion. Likewise, the Executive Board expects the Group underlying core operating result for 2011 to amount to about € 2.25 billion, as stated in July. The net financial debt of the Merck Group resulting from the 2010 acquisition of Millipore continues to decrease at an excellent pace.

Merck Guidance for 2011

Merck Group	Expectations 2011
Total Revenues	~ € 10 – € 10.2 billion
Operating Result	~ € 1.0 billion
Underlying Core Operating Result	~ € 2.25 billion

Merck Divisions	Total Revenues Growth 2011
Merck Serono	~ 1–2%
Consumer Health Care	~ 5–6%
Merck Millipore*	~ 47%
Performance Materials*	~ 3–4%

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