

We are Merck

We are a leading pharmaceutical, chemical and life science company with four strong and dynamic divisions: Merck Serono, Consumer Health, Performance Materials and Merck Millipore.

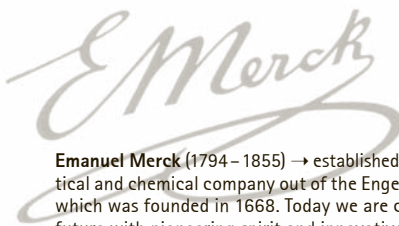
We have a clear focus on research and development as well as profitable, high-margin specialties for high-growth markets.

We are committed to living our social, economic and ecological responsibility – toward people, toward our partners in the market and toward our shareholders.

With around 39,000 employees in 66 countries.

Objective-driven
Committed
Performance-oriented
Efficient

Since 1668



Emanuel Merck (1794 – 1855) → established the world's oldest pharmaceutical and chemical company out of the Engel-Apotheke (Angel Pharmacy), which was founded in 1668. Today we are carrying this tradition into the future with pioneering spirit and innovative strength.

The road to tomorrow

Merck Annual Report for 2012



Join us on the road to tomorrow –
with our 2012 Annual Report, which offers far
more than just a look back at the past year. Follow
our progress on this journey – with our online
media as well as our media for tablet computers.
More information is available online at:

→ www.merckgroup.com
→ magazine.merck.com



Ideas that connect Ideas that enable change

The future is created in the minds and hearts of pioneering thinkers and dynamic entrepreneurs. With expertise, passion and innovative products, Merck provides valuable impetus to improve and enrich everyday life as well as the health and lives of people – on both a small and large scale.

Yet the future is also being created by the visionary ideas and clear goals of the pharmaceutical, chemical and life science leader of tomorrow.

On the road to tomorrow we launched a change process called “Fit for 2018”. We are streamlining our organizational structure and at the same time aligning it specifically to current and future requirements. We are giving our strong divisions full business accountability. We are increasing our profitability and establishing clear guidelines with centrally steered corporate development targets. We are establishing a performance-oriented culture while promoting objective-driven thinking, engaged teamwork and efficient actions.

Our shared ideas connect us. They are changing our company.



Achiving goals -
for the success of our customers.

The road to tomorrow

Ideas that connect → Ideas that enable change

Ideas that connect —→ Objective-driven

The road to tomorrow 1/4

Through our
objective-driven
actions, we're
capturing new
markets

Objective

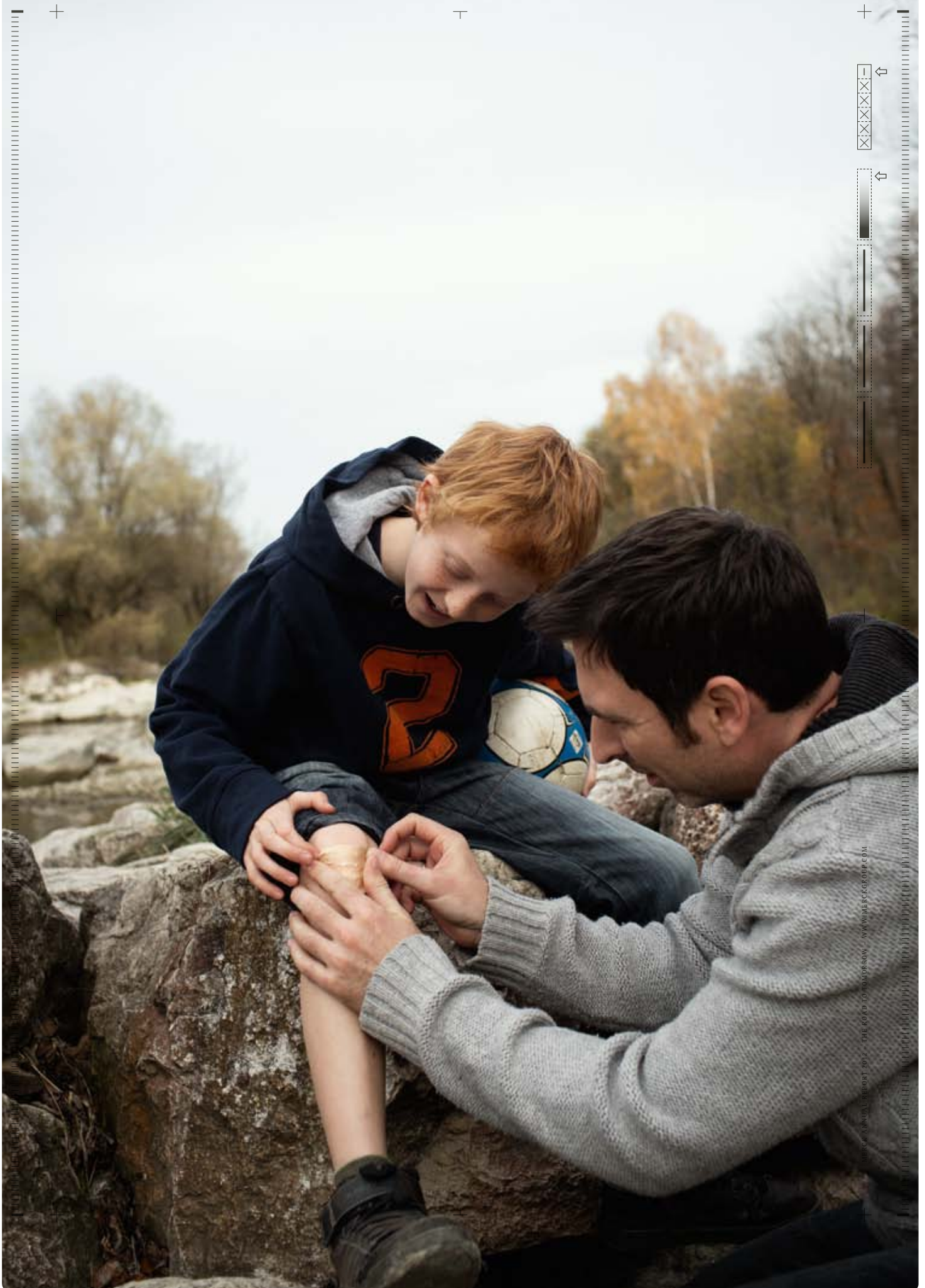
- *General*: A clearly defined, targeted future status.
- *To us*: The motivation for our actions and the key driver of our innovative strength.

Ideas that enable change → **Objective-driven**

Eshmuno – how shared goals lead to competitive advantages

- Objective-driven actions are a cornerstone of our corporate strategy. Constant innovations have enabled us to become a driving force in the life sciences sector and help our customers – whether research laboratories or pharmaceutical manufacturers – to work even more productively and safely.
- We're doing this with the new Eshmuno product line. These "smart" ion exchange resins make the purification of biomolecules much easier, faster and more productive. As a result, it is possible to obtain purified blood factors in the downstream processing of blood plasma.

Eshmuno → helps to produce new medicines, for instance to treat hemophilia.



Intensive research -
to make dreams come true.

The road to tomorrow

Ideas that connect → Ideas that enable change

Ideas that connect —→ Performance-oriented

The road to tomorrow 2/4

Performance and customer focus bring us closer to people

Performance

- *General:* The result of an endeavor over a certain period of time.
- *To us:* The foundation for achieving our objectives and meeting the needs of our customers and business partners.

Ideas that enable change → **Performance-oriented**

Gonal-f® – how performance creates mutual benefit

- **Performance and customer orientation** are two of our top priorities at our pharmaceutical research and development hubs in Darmstadt (Germany), Boston, MA (United States), Beijing (China) and Tokyo (Japan) because our focus is on people. This particularly applies to our research and development work in fertility in order to support couples who wish to conceive.
- **Increasing fertility:** That is what our successful drug Gonal-f® stands for. With this product, we are helping people to enrich their lives through new life, bringing joy to couples in over 100 countries around the world. Their happiness is what inspires us to aim for even higher levels of performance each and every day.

Gonal-f® → is a leading global fertility product that reflects how we understand performance and customer orientation. With sales increasing by 16 percent to €612 million in 2012, this product is one of our top-three selling drugs.



*Sustainable Commitment -
to quality and safety worldwide.*

The road to tomorrow

Ideas that connect → Ideas that enable change

Ideas that connect —→ With commitment

The road to tomorrow 3/4

We are committed
to helping
people all over
the world

Commitment

- *General:* Personal effort applied to a certain cause.
- *To us:* The basis for our exceptional ideas with which we sustainably help people around the world.

Ideas that enable change → **With commitment**

Minilabs – how a charitable initiative is delivering sustainable support

- **Commitment, courage and responsibility** are values that have always characterized us. On this basis, we constantly develop exceptional solutions – not just for our customers and employees, but for people all over the world.
- **Our Minilabs are one example of a solution that helps people.** These mobile laboratories can be used worldwide to check medicines for their authenticity. They were developed by the Global Pharma Health Fund (GPHF), a charitable initiative funded by Merck. Thanks to GPHF and its collaboration with international partners, our Minilabs are being used in over 80 countries around the world to check the quality of medicines.

Minilab → Interpol estimates that up to 30 percent of the medicines being offered worldwide are counterfeit or of inferior quality. In developing countries, this rate is many times higher. Globally, more than 570 Minilabs are currently in use in more than 80 countries, mainly in Africa and Asia.



Efficient cooperation - for performance
that is both better and more economical.

The road to tomorrow

Ideas that connect → Ideas that enable change

Ideas that connect —→ Efficiently

The road to tomorrow 4/4

By working
together,
we are creating
efficient supply

Efficiency

- *General:* The relationship between input and benefit achieved.
- *To us:* A crucial factor in achieving our objectives, both internally and in cooperation with others.

Ideas that enable change → Efficiently

Dr. Reddy's – how efficient cooperation creates maximum synergy

- Efficiency is a crucial factor in our work. We want to sustainably benefit from synergy effects that are constantly created not only within our company, but also in cooperation with other companies. We're partnering globally with Dr. Reddy's on biosimilars, drawing benefit from both its expertise and market strength as well as from the significant reduction in R&D costs.
- Through biosimilars, we want to decisively improve our range of products and services. Importantly, for all patients, offering more economical access to high-quality medicines is a priority.

Dr. Reddy's → Dr. Reddy's Laboratories Ltd. is an ideal partner with expertise in biosimilars and generics as well as in emerging markets. Combining this with our experience in developing, manufacturing and commercializing biopharmaceuticals will enable us to achieve success together.





TOGETHER
on the road to tomorrow



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To our Shareholders

023 → Letter from Karl-Ludwig Kley

026 → The Executive Board