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News Release

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Merck KGaA, Darmstadt, Germany, Completes Acquisition of AZ Electronic Materials

- **Acceptance threshold of 75 percent reached with 81.3 percent of AZ shares tendered**
- **Transaction creates leading solutions provider in premium segment of high tech materials and functional specialty chemicals**
- **All major integration measures to be completed by end 2014**

Darmstadt, Germany, May 2 – Merck KGaA, Darmstadt, Germany, a leading company for high-tech products in the pharmaceutical and chemical sectors, today announced the completion of its acquisition of AZ Electronic Materials, creating a leading solutions provider in the premium segment of high-tech materials and functional specialty chemicals.

In December 2013, Merck KGaA, Darmstadt, Germany, had made a recommended cash offer totalling approximately € 1.9 billion (GBP 1.6 billion) to acquire AZ Electronic Materials. Today's completion of the transaction follows the satisfaction of all customary conditions, including an acceptance level of 75 percent and antitrust clearances in the United States, Japan, Taiwan, Germany and China. With 81.3 percent under control, Merck KGaA, Darmstadt, Germany, will now start the process of delisting AZ and its shares from the London Stock Exchange, with a delisting expected for the beginning of June. Merck KGaA, Darmstadt, Germany, still intends to acquire all outstanding shares of AZ and will keep the offer open for acceptances until further notice.

Merck KGaA

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“The successful completion of the AZ acquisition marks a significant milestone in the company’s ‘Fit for 2018’ transformation and growth program,” said Karl-Ludwig Kley, Chairman of the company’s Executive Board. “With AZ not only will we be able to further expand our presence in the important Asian growth market, but we will also be able to raise our exposure to exciting global megatrends in electronic materials – from smart phones to the most advanced computing devices.”

Merck KGaA, Darmstadt, Germany, will now swiftly start the integration of AZ, which employs around 1,150 people worldwide. The company expects all major steps of the integration to be completed by the end of 2014. To ensure maximum business continuity, Geoff Wild, formerly Chief Executive Officer of AZ Electronic Materials, will remain with the company to support a smooth integration into Performance Materials division of Merck KGaA, Darmstadt, Germany. During the integration AZ will be operated as a separate business unit under the leadership of Geoff Wild alongside the three existing business units Liquid Crystals, Pigments & Cosmetics and Advanced Technologies until a decision on the final set up has been taken.

“Together, we have the unique opportunity to set new standards in the fast moving electronics markets,” said Bernd Reckmann, CEO Chemicals at Merck KGaA, Darmstadt, Germany. “More than ever, our customers rely on strong partnerships and on our ability to deliver the ingredients that make the electronic devices of tomorrow faster, smarter and more attractive. Merck KGaA, Darmstadt, Germany, and AZ have the right chemistry for success, both from a business and more importantly from a peoples’ perspective.”

“Merck KGaA, Darmstadt, Germany, and AZ have a lot in common and share the same values”, Geoff Wild said. “I am absolutely convinced this is a perfect fit. Our combined teams, driven by the needs of our customers, will be successful in capturing the compelling business opportunities ahead. We have a clear ambition to take our customers and their products to the next level of performance.”

With annual sales of approximately USD 730 million (€ 530 million) in 2013, AZ is a leading high-tech materials supplier with a strong operational presence in Asia, accounting for almost 80 percent of the total group revenues. More than 80 percent of the AZ Group revenue is generated by products with a leading position in their respective markets. AZ



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materials are widely used in integrated circuits and devices, flat panel displays, and light-emitting diodes. As such, it is a critical partner to the leading global electronics players as its chemical technology allows them to enhance existing processes and innovate new products.

Customers of Merck KGaA, Darmstadt, Germany, and AZ will benefit from the combined R&D and innovation power of both companies. The integrated offer will lead to a much more comprehensive portfolio of high-tech materials and tailored solutions for a wide range of applications.

Merck KGaA, Darmstadt, Germany, in the coming weeks and months, will conduct a detailed review of the AZ business to determine how best to integrate it into the company. Combined teams from both organizations will jointly develop the customer and market driven setup appropriate to foster further growth and innovation. Merck KGaA, Darmstadt, Germany, has assured AZ's Board that the existing employment and pension rights of AZ's employees will be fully safeguarded.

Please see [offer website](#) for full RNS statement.

All Merck KGaA, Darmstadt, Germany, press releases are distributed by e-mail at the same time they become available on the EMD Group Website. In case you are a resident of the USA or Canada please go to www.emdgroup.com/subscribe to register again for your online subscription of this service as our newly introduced geo-targeting requires new links in the email. You may later change your selection or discontinue this service.

About Merck KGaA, Darmstadt, Germany

Merck KGaA of Darmstadt, Germany, is a leading company for innovative and top-quality high-tech products in the pharmaceutical and chemical sectors. Its subsidiaries in Canada and the United States operate under the umbrella brand EMD. Around 38,000 employees work in 66 countries to improve the quality of life for patients, to further the success of customers and to help meet global challenges. The company generated total revenues of € 11.1 billion in 2013 with its four divisions: Biopharmaceuticals, Consumer Health, Performance Materials and Life Science Tools. Merck KGaA of Darmstadt, Germany, is the world's oldest pharmaceutical and chemical company – since 1668, the name has stood for innovation, business success and responsible entrepreneurship. Holding an approximately 70 percent interest, the founding family remains the majority owner of the company to this day.



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The distribution of this announcement in jurisdictions other than the United Kingdom or the United States and the availability of the Offer to AZ Shareholders who are not resident in the United Kingdom or the United States may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom or the United States or AZ Shareholders who are not resident in the United Kingdom or the United States will need to inform themselves about, and observe any applicable legal or regulatory requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. Further details in relation to overseas shareholders are contained in the Offer Document.

The Offer is not being, and will not be, made, directly or indirectly, in or into or by the use of the mails of, or by any other means or instrumentality of interstate or foreign commerce of, or any facility of a national state or other securities exchange of any jurisdiction (including but not limited to, Canada, Australia and Japan) where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to AZ Shareholders in such jurisdiction (a Restricted Jurisdiction), and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.

Accordingly, copies of this announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction and persons receiving this announcement (including, without limitation, agents, nominees, custodians and trustees) must not distribute, send or mail it in, into or from such jurisdiction. Any person (including, without limitation, any agent, nominee or trustee) who has a contractual or legal obligation, or may otherwise intend, to forward this announcement and/or the Offer Document and/or any other related document to a jurisdiction outside the United Kingdom or the United States should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.