

## News Release

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## **Merck KGaA, Darmstadt, Germany, Commences Tender Offer for All Outstanding Shares of Versum for \$48 in Cash and Solicits Votes on Definitive Proxy Statement**

- Demonstrates firm commitment to completing its acquisition of Versum
- Issues open letter to Versum shareholders urging them to vote GREEN proxy card against inferior Entegris acquisition

Darmstadt, Germany, March 26, 2019 – Merck KGaA, Darmstadt, Germany, a leading science and technology company, today commenced a cash Tender Offer to acquire all outstanding shares of Versum Materials, Inc. (NYSE: VSM) for \$48 per share, without interest and less any withholding taxes. In addition, Merck KGaA, Darmstadt, Germany, announced that it has filed definitive proxy materials with the U.S. Securities and Exchange Commission in connection with its solicitation against the Entegris acquisition of Versum and that it has commenced mailing its definitive proxy materials, including a GREEN proxy card.

In a second letter to Versum shareholders, Merck KGaA, Darmstadt, Germany, said: “We are firmly committed to completing the acquisition of Versum and the Tender Offer is an unambiguous step toward that objective.”



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Merck KGaA, Darmstadt, Germany's Tender Offer price represents a 51.7% premium over Versum's last undisturbed trading price on the day prior to the Entegris acquisition announcement and a premium of 23.6% to the value of the Entegris merger consideration on March 25, 2019, the day prior to the launch of the Tender Offer. It reflects an enterprise value (EV) for Versum of approximately \$6 billion and an EV/FY18 EBITDA multiple of approximately 13.3x. The offer and withdrawal rights are scheduled to expire at 5:00 p.m., New York City time, on June 7, 2019, unless the offer is extended.

In connection with the Tender Offer, Merck KGaA, Darmstadt, Germany, has entered into a Facilities Agreement with Bank of America Merrill Lynch, BNP Paribas Fortis and Deutsche Bank AG, providing it with fully committed financing to consummate the Tender Offer or otherwise complete its acquisition of Versum.

Merck KGaA, Darmstadt, Germany, urges all Versum shareholders to vote the GREEN proxy card, against the inferior Entegris acquisition, as mailed to shareholders on or about March 25 in Merck KGaA, Darmstadt, Germany's definitive proxy materials.

The full text of the letter to Versum shareholders is included below and can also be found at [www.thesuperiorproposal.com](http://www.thesuperiorproposal.com). Copies of the Offer to Purchase, Letter of Transmittal and other related materials are available on the SEC website at [www.sec.gov](http://www.sec.gov) or may be obtained from D.F. King & Co., Inc., the information agent for the offer, at (212) 269-5550 (banks and brokers) or (800) 714-3312 (all others, toll-free).

Guggenheim Securities, LLC and Goldman Sachs & Co. LLC are acting as financial advisors, and Sullivan & Cromwell LLP is acting as legal counsel, to Merck KGaA, Darmstadt, Germany, in connection with the Tender Offer.

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## **An Open Letter to Versum Shareholders from Merck KGaA, Darmstadt, Germany**

*Merck KGaA, Darmstadt, Germany, Commences Cash Tender Offer at \$48 per share  
Unwavering Commitment to Acquire Versum at Superior Proposal  
Outlines Significant Governance Concerns at Versum*

Dear Fellow Versum Shareholders:

Merck KGaA, Darmstadt, Germany, a leading science and technology company, today commenced a cash tender offer (the "Tender Offer") to acquire all outstanding shares of Versum Materials, Inc. (NYSE: VSM) for \$48 per share. While our preference is to engage with the Versum Board directly regarding our Superior Proposal, the Versum Board refuses to engage with us and refuses to maximize value for Versum shareholders. The Versum Board's hasty rejection of our proposal and unwillingness to engage in discussions with us has forced us to take this proposal directly to shareholders.

### **The Tender Offer is unquestionably superior to the proposed Entegris transaction**

The Tender Offer price represents a 51.7% premium over Versum's last undisturbed trading price on the day prior to the Entegris acquisition announcement and a premium of 23.6% to the value of the Entegris merger consideration on March 25, 2019, the day prior to the launch of our Tender Offer. It reflects an enterprise value (EV) for Versum of approximately \$6 billion and an EV/FY18 EBITDA multiple of approximately 13.3x, at the very high end of precedent transactions and ~3.2x higher than the valuation multiple implied by the Entegris acquisition at the time it was announced.

The analysis of Versum's own financial advisor – Lazard – supports our view that the Tender Offer price is significantly above Versum's stand-alone value and superior to the Entegris transaction consideration. The Tender Offer price represents a 19% - 48% premium to the midpoint of Lazard's valuation ranges based on a variety of intrinsic value and market-based valuation methodologies and a 14% -

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16% premium to Lazard's discounted cash flow value per share of the Entegris transaction consideration, including synergies<sup>1</sup>.

The premium valuation reflected in our Tender Offer is certain and immediate, without any of the significant ongoing integration, operational or market risks reflected in the value of the Entegris stock consideration and without the need for the achievement of synergies.

### **The Tender Offer demonstrates our firm and unwavering commitment to acquire Versum**

We are firmly committed to completing the acquisition of Versum and the Tender Offer is an unambiguous step toward that objective. The Tender Offer is fully financed and not subject to conditions other than the redemption of Versum's poison pill and other customary conditions for offers of this type. The regulatory process is underway, and we expect that regulatory clearances will be received in a timely manner.

### **Versum's recently revised synergy estimates are illusory, further question the Versum Board's credibility and are a transparent attempt to catch up to the value of our Superior Proposal**

In response to our Superior Proposal, Versum announced that it had identified incremental cost and revenue synergies, the amount of which is more than double that of the expected synergies announced at the time of the Entegris acquisition and shared with Lazard for purposes of the financial analysis underlying its fairness opinion. These synergies are unsubstantiated, illusory and introduce a significant level of uncertainty to the success of any transaction with Entegris. This announcement was no more than a thinly veiled attempt at salvaging shareholders' view of the value inherent in the proposed Entegris acquisition. Investors should not be fooled by this tactic nor fall victim to the failed shareholder stewardship under which the announcement was spawned. This hasty guise to increase value reflects a lack of credibility – a notion supported by the muted market performance of Entegris stock following the announcement.

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<sup>1</sup> Reflects \$75-\$100 million synergy range used in Lazard's "Has / Gets" analysis as presented in its fairness opinion.

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### **The Versum Board is acting in a manner out of step with corporate governance best practices and with blatant disregard for shareholders' interests**

- *Flawed One-track Process with No Exploration of Alternatives:* The proposed Entegris acquisition was born out of a flawed process that did not include evaluation of any other alternatives to maximize shareholder value. The parties reached a transaction announcement in less than two months after engaging in discussions, with only a 2% improvement in the exchange ratio during the course of the negotiation.
- *No Willingness to Explore our Proposal:* The merger agreement with Entegris clearly allowed the Versum Board to explore our proposal. Instead, the Versum Board acted hastily in rejecting our proposal without explanation. The unwillingness to explore our proposal reflects a blind commitment to the proposed Entegris acquisition in the face of a greater shareholder value creating alternative. Versum's Board has an obligation to act in the best interests of shareholders no matter how they characterize their acquisition by Entegris. Exploring our proposal is essentially a no cost option for Versum, yet they have elected not to take advantage of this. What could be motivating Versum not to act in your best interest?
- *Adoption of a Poison Pill:* Instead of evaluating our proposal carefully, the Versum Board immediately adopted a poison pill in an attempt to preclude the completion of a purchase of stock directly from the shareholders. A poison pill is widely recognized as a shareholder unfriendly entrenchment tool that is out of step with corporate governance best practices. Shareholders should demand that the Board redeem the poison pill.
- *Rush to Hold Shareholders' Meeting:* The Versum Board's refusal to engage with us was coupled with a desire to have shareholders vote on the Entegris acquisition before our proposal was fully actionable. Notwithstanding the desire to deprive shareholders of an actionable alternative transaction, we are commencing the Tender Offer now to let shareholders know that we are ready, willing and committed to transact.
- *Approval of Additional Management Compensation Packages:* While the Versum Board did not explore our proposal as it should have, it was quick to approve additional management compensation arrangements specifically related to the Entegris acquisition as further described in the Versum proxy

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statement. We believe this action is telling with respect to the priorities of the individual interests of Versum's Board and management relative to the collective interests of its shareholders.

### **Merck KGaA, Darmstadt, Germany, is the best home for Versum and its employees**

The complementary fit of our respective businesses and the strength of our combined team will justify significant and sustained investment, which will benefit the combined company's employees and customers in the U.S. and worldwide. As we have stated publicly, a critical component of our strategy will be to maintain Versum's Tempe, AZ, site as the major hub for the combined electronic materials business in the U.S, complementing Merck KGaA, Darmstadt, Germany's already strong commitment to this important market. We believe the outstanding capabilities of the Versum workforce will be highly complementary to our own. Our focus is on growing the combined business, and we are excited about the capabilities and contributions that Versum's workforce will bring.

More generally, we have a strong track record as a conscientious long-term employer, including when successfully executing and integrating more than \$24 billion of acquisitions in the U.S during the last ten years. We currently have over 10,000 employees across more than 50 locations in the U.S. Following our acquisitions of Millipore in 2010 and Sigma-Aldrich in 2015, we have maintained a significant presence in each of the cities in which those companies were headquartered.

**Merck KGaA, Darmstadt, Germany's Tender Offer is clearly superior to the Entegris acquisition.**

**TELL the Versum Board to start doing its job and put your interests first.**

**VOTE your GREEN Proxy Card AGAINST the ENTEGRIS acquisition.**

**TENDER your shares in support of our Superior Proposal.**

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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](http://www.emdgroup.com/subscribe) to register for your online subscription of this service as our 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, Darmstadt, Germany, a leading science and technology company, operates across healthcare, life science and performance materials. Around 52,000 employees work to make a positive difference to millions of people's lives every day by creating more joyful and sustainable ways to live. From advancing gene editing technologies and discovering unique ways to treat the most challenging diseases to enabling the intelligence of devices – the company is everywhere. In 2018, Merck KGaA, Darmstadt, Germany, generated sales of € 14.8 billion in 66 countries.

The company holds the global rights to the name and trademark "Merck" internationally. The only exceptions are the United States and Canada, where the business sectors of Merck KGaA, Darmstadt, Germany, operate as EMD Serono in healthcare, MilliporeSigma in life science, and EMD Performance Materials. Since its founding 1668, scientific exploration and responsible entrepreneurship have been key to the company's technological and scientific advances. To this day, the founding family remains the majority owner of the publicly listed company.

### **Cautionary Statement Regarding Forward-Looking Statements**

This communication may contain forward-looking statements based on current assumptions and forecasts made by Merck KGaA, Darmstadt, Germany, management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include Merck KGaA, Darmstadt, Germany's ability to successfully complete the tender offer for all outstanding shares of common stock of Versum Materials, Inc. ("Versum") or realize the anticipated benefits of the transaction, delays in obtaining any approvals required for the transaction, or an inability to obtain them on the terms proposed or on the anticipated schedule, the failure of any of the conditions to the tender offer to be satisfied, and those discussed in Merck KGaA, Darmstadt, Germany's public reports which are available on the Merck KGaA, Darmstadt, Germany, website at [www.emdgroup.com](http://www.emdgroup.com), and in the definitive proxy statement on Schedule 14A filed by Merck KGaA, Darmstadt, Germany, with the Securities and Exchange Commission (the "SEC") on March 22, 2019 (the "Definitive Proxy Statement") in opposition to the proposed business combination transaction between Versum and Entegris, Inc. Merck KGaA, Darmstadt, Germany, assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

### **Additional Important Information and Where to Find It**

This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. Merck KGaA, Darmstadt, Germany, and its wholly owned subsidiary EMD Performance Materials Holding, Inc. have commenced a tender offer for all outstanding shares of common stock of Versum and have filed with the SEC a tender offer statement on Schedule TO (including an Offer to Purchase, a Letter of Transmittal and related documents), which will be amended as necessary. These documents contain important information, including the terms and conditions of the tender offer. **STOCKHOLDERS OF VERSUM ARE URGED TO READ THESE DOCUMENTS BEFORE MAKING ANY DECISION WITH RESPECT TO THE TENDER OFFER.** Investors and security holders may also obtain free copies of these documents and other documents filed with respect to the tender offer through the website maintained by the SEC website at <http://www.sec.gov>, or by contacting the proxy solicitor of Merck KGaA, Darmstadt, Germany, D.F. King & Co., Inc., at (212) 269-5550 for banks and brokers or at (800) 714-3312 for stockholders.

Merck KGaA, Darmstadt, Germany, also filed the Definitive Proxy Statement, the accompanying GREEN proxy card and other relevant documents with the SEC to be used to solicit proxies in opposition to the proposed business combination transaction between Versum and Entegris, Inc. Merck KGaA, Darmstadt, Germany, and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the holders of Versum common stock. Additional information regarding the participants in the proxy solicitation is contained in the Definitive Proxy Statement. **STOCKHOLDERS OF VERSUM ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT AND ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING ALL PROXY MATERIALS, BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** The Definitive Proxy Statement has been mailed to the stockholders of Versum. Investors and security holders may also obtain free copies of these documents and other documents filed with the SEC by Merck KGaA, Darmstadt, Germany, through the website maintained by the SEC at <http://www.sec.gov>, or by contacting the proxy solicitor of Merck

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