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COMP/M.4423 - MERCK/ SERONO

SECTION 1.2

Description of the concentration

The proposed transaction concerns the acquisition of a controlling interest over Serono S.A., having its registered office in Coinsins, Canton of Vaud, Switzerland (**Serono**), by Merck KGaA, having its registered office in Darmstadt, Germany (**Merck**). The transaction is to be effected by a share purchase agreement (**SPA**) between members of the Bertarelli Family (**Sellers**), Merck, and a wholly owned subsidiary of Merck, comprising all of the outstanding shares in the holding company Bertarelli Biotech SA (**Holdco**) and approximately 1.8 million shares in Serono held directly by the Sellers, thus leading to the acquisition of the majority of voting rights in Serono. The transaction will further include a tender offer in Switzerland to Serono's other shareholders with regard to the remaining shares in Serono held by the public.

Merck is a research-driven pharmaceutical and chemical company engaged in the discovery, development, production, sales and marketing of pharmaceutical and chemical products. In 2005 the group generated worldwide sales of around EUR 5.9 billion. Its pharmaceutical business sector comprises prescription drugs developed or in-licensed by Merck in its Ethicals division, off-patent drugs in its Generics division and over-the-counter products in its Consumer Health Care division. In its chemicals business sector Merck focuses on offering liquid crystals for displays (**LCD**) and high-quality industrial and laboratory chemicals for high tech applications in the laboratory and industry. Merck, a partnership limited by shares, is listed on the Frankfurt stock exchange.

The Merck Group comprises 168 companies in 54 countries. Worldwide Merck employed 29,133 people as per December 31, 2005.

Serono is an R&D-driven global biotechnology enterprise engaged in the discovery, development, production, sales and marketing of biotechnical products. In 2005, the group generated worldwide sales of around USD 2,586.4 million (i.e. approx. EUR 2,079 million¹).

Serono is active in four therapeutic areas, i.e. neurology with particular emphasis on multiple sclerosis, reproductive health (including fertility treatment), dermatology as well as growth disorders and metabolism. Further, Serono has an integrated R&D capability in-house and a network of alliances with other biotechnology and pharmaceutical companies and leading academic institutions.

Serono operates in 44 countries and has sales in over 90 countries. Serono employs approximately 4,570 people worldwide.

The transaction will only lead to a single horizontal overlap in a relevant product market in one Member State (below 15 %) and not create any vertical relationships. Overall, the proposed concentration will not give rise to any competitive concerns.