

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

- Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended December 31, 2004 or  
 Transition report pursuant to Section 13 or 15(d) of the Securities Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-09781 (0-1052)

**MILLIPORE CORPORATION**

(Exact name of registrant as specified in its charter)

Massachusetts  
(State or Other Jurisdiction of Incorporation or Organization)  
290 Concord Road, Billerica, MA  
(Address of principal executive offices)

04-2170233  
(I.R.S. Employer Identification No.)  
01821  
(Zip Code)

(978) 715-4321

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Exchange on Which Registered
Common Stock, \$1.00 Par Value	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes  No

The aggregate market value of Common Stock held by non-affiliates of the registrant, based upon the closing sale price of the registrant's Common Stock on July 3, 2004, the last business day of our most recently completed second fiscal quarter, as reported on the New York Stock Exchange, was approximately \$1,661,726,502. Shares of Common Stock held by each executive officer and director and by each person known to beneficially own more than 5% of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 26, 2005, 49,842,223 shares of the registrant's Common Stock were outstanding.

Documents Incorporated by Reference

Document  
Definitive Proxy Statement for the 2005 Annual Meeting

Incorporated into Form 10-K  
Part III

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*In this Form 10-K, unless the context otherwise requires, the terms "Millipore", the "Company", "we" or "us" shall mean Millipore Corporation and its subsidiaries.*

## **P A R T I**

### **I t e m 1 . B u s i n e s s .**

#### **G e n e r a l**

Millipore Corporation was incorporated under the laws of Massachusetts on May 3, 1954. Our corporate headquarters are in Billerica, Massachusetts.

Millipore is a multinational bioscience company that provides technologies, tools and services for the discovery, development and production of therapeutic drugs and for other purposes. We serve customers in the worldwide biotechnology, life science research and other bioscience markets with a variety of products and services used in the purification, separation and analysis of fluids. Our products are based on a variety of enabling technologies, including our membrane filtration and chromatography technologies.

#### **I n f o r m a t i o n A b o u t G e o g r a p h i c A r e a s a n d S e g m e n t**

We are a multinational company with approximately 65% of our 2004 sales outside the United States and approximately 52% of our long-lived assets outside the United States at December 31, 2004. As of December 31, 2004, we had three operating segments: BioPharmaceutical, Laboratory Water and Life Sciences. These three operating segments have been aggregated into one reporting segment for financial statement purposes. In February 2005, we announced our intent to combine our Laboratory Water and Life Sciences operating segments into one operating segment. Segment and geographic information is discussed in Note 18 to our Consolidated Financial Statements.

#### **P r o d u c t s , T e c h n o l o g i e s a n d A p p l i c a t i o n s**

Millipore sells over 5,000 standard products, not including spare parts, which are listed in our catalogs and are sold as standard systems or devices. We also sell custom products, primarily our process scale filtration and chromatography systems and columns. We manufacture the majority of our products in our manufacturing facilities described in Item 2 of this Form 10-K. In addition, we purchase some products from third-party manufacturers for resale.

We sell consumables, hardware and services. Our wide range of consumable products, which represent approximately 80% of our 2004 sales, include handheld laboratory sample preparation and screening devices and kits in various low and high throughput formats, specialty membranes, chromatography media and large process scale cartridges used to filter thousands of liters of fluid. Our hardware products range from small benchtop laboratory water purification systems and cartridge integrity testers to large stainless steel process scale filtration and chromatography systems and columns with selling prices that can be greater than a million dollars. Our services include field services for the maintenance of laboratory water systems and validation services offered to biopharmaceutical customers.

The principal technologies utilized by our products are based on membrane filtration and chromatography. Membranes use size exclusion to filter either the wanted or the unwanted particulate or bacterial, molecular or viral entities from fluids. Some of our membrane materials also use affinity, ion-exchange or electrical charge mechanisms to effect the desired separation. Microfiltration and ultrafiltration membranes are incorporated into devices, cartridges and modules of different configurations to address a variety of customer purification and separation needs. Chromatography media is used to purify or separate biopharmaceutical compounds or to remove contaminants from these compounds by adsorption. Our laboratory water purification products combine membrane, resin and other separations technologies. Certain of our sample preparation products use both membranes and chromatographic separation techniques.

In the past several years, we have also developed and/or acquired rights to certain products and technologies designed to simplify and to reduce the time and expense of certain steps in the downstream and final fill processes of biotechnology and other pharmaceutical manufacturing primarily by replacing stainless steel hardware with disposable plastic products. These "disposable manufacturing" products include disposable filling systems for sterile fill and finish operations and disposable valves for connecting sterile disposable components.

Our products are used in biopharmaceutical manufacturing and research operations to isolate and purify specific components of fluid streams for analysis, to concentrate identified compounds for further processing and to purify or sterilize small and large volumes of critical fluids. Customers also use our products to gain knowledge about a molecule, compound or microorganism by detecting, identifying and quantifying the relevant components of a fluid sample. Our laboratory water purification products are used by customers to provide ultrapure water for critical laboratory analysis and for clinical testing. In addition, products based on our proprietary size exclusion membrane technology have been introduced to improve speed, automation and cost-effectiveness of a number of separations for DNA sequencing, plasmid prep, PCR, diagnostic and microarray applications. These novel technologies are also being used for new applications in the drug discovery markets for the screening of potential drug compounds and for sample preparation. In recent years, we have launched a series of kits based on these technologies that are intended for a variety of protein and genomics applications. Our disposable manufacturing products are used in a variety of applications in downstream and final fill processes of pharmaceutical manufacturing.

## C u s t o m e r s   a n d   M a r k e t s

We sell our products to customers in the biotechnology, life science research and other bioscience markets. The biotechnology market consists of the manufacture of therapeutic products based on recombinant proteins as well as process monitoring for sterile pharmaceuticals. The life science research market consists of research activities in drug discovery and drug development. The other bioscience market principally includes the development and manufacture of non-biotechnology pharmaceuticals, clinical and analytical laboratory activities, and the processing and quality control of beverages.

A variety of our products are used in the biotechnology market by biotechnology and pharmaceutical companies in the production of therapeutic products based on recombinant proteins, including monoclonal antibodies, enzymes, coagulation factors, vaccines, cytokines, hormones, growth factors, plasma products and transgenic and gene therapy products. We play an important role in our customers' development of new biotech drugs by offering a continuum of membrane and chromatography based products capable of being scaled-up to match customer needs at different stages during the development process through full scale drug production. Our disposable manufacturing products also enable our biotechnology customers to simplify and to reduce the time and expense of certain steps in their downstream and final fill processes for biotech drugs.

Our customers in the life science research market include life science research companies, pharmaceutical companies, private and public research and testing laboratories and regulatory agencies. Our products used in life science research applications include sample preparation devices and kits and drug screening and water purification products.

Our products are used in the other bioscience market by a wide spectrum of customers. Pharmaceutical, diagnostics and ophthalmic manufacturers use our products in clarification, concentration, purification and sterilization of their products. Hospitals and analytical laboratories use our laboratory scale filtration devices in sample preparation, sterile particulate removal and concentration of samples and to purify water. The beverage industry uses our products for quality control and process applications, principally to monitor for microbiological contamination and to prevent spoilage by removal of bacteria and yeast from products such as wine, beer, bottled juices and water.

Although no single customer accounts for 10% or greater of our sales, some of our individual customers do purchase significant quantities of our products.

## S a l e s   a n d   M a r k e t i n g

We sell our products to end users primarily through our own direct global sales force. Augmenting this sales and distribution methodology, we sell our products through independent distributors and our website. We sell our products in more than 30 major industrialized and developing countries.

Our marketing efforts focus on application development for existing products and on new and differentiated products for newly identified and proposed customer needs. We seek to educate customers regarding the variety of analytical, separation and purification problems that may be addressed by our products as well as to adapt our products and technologies to such problems as identified by our customers. Our technical support services are important to our marketing efforts. These services include assisting in defining a customer's needs, evaluating alternative solutions, selecting or designing a specific system to perform the desired separation or other application, training users, and assisting the customer in compliance with relevant government regulations.

As of December 31, 2004, our sales, marketing and service organization consisted of approximately 1,200 employees worldwide.

## R e s e a r c h   a n d   D e v e l o p m e n t

As a pioneer of membrane separations, we have traditionally placed heavy emphasis on research and development. This emphasis has resulted in our being the first company to introduce a number of major new enabling separations membranes and membrane devices, including nitrocellulose microfiltration membrane in 1954, compact high purity laboratory water systems in 1972, membrane-based syringe filter devices in 1973, membrane-based filters for intravenous drug therapy in 1975, tangential flow filtration cassette devices in 1975, chemically modified polyvinylidene fluoride membrane in 1978, continuous electro-deionization water purification systems in 1988, composite ultrafiltration membranes in 1989, melt-cast PFA membranes in 1990, composite ultrafiltration membranes for the removal of viruses from protein solution in 1991, ultra-high molecular weight polyethylene membrane in 1993, non-dewetting PTFE membrane in 1997 and composite, asymmetric, microporous PES membrane in 2002.

Our ongoing research and development activities include the extension and enhancement of existing Millipore technologies to respond to new applications, the development of new membranes and chromatography media, and the upgrading of membrane and media based systems to afford the user greater purification capabilities. Over the last several years, through acquisitions, alliances, licenses and research and development investments, we have expanded and diversified our technology base. We have focused this expansion and diversification strongly on life science research and biotechnology applications including disposable manufacturing initiatives. The rapidly changing life science markets require novel technologies to meet the needs of high throughput sample analysis. This has led to our development of products utilizing both membranes and chromatographic separation techniques, including an entire platform based on chromatographic media embedded in membrane structures which was introduced for the protein research market. We have progressed substantially in recent years in our efforts to develop a differentiated line of chromatography media products for the rapidly growing biotechnology market.

We perform most of our own research and development. We do not provide material amounts of research and development services for others. We continue to increase our total research and development spending. As a percentage of sales, research and development spending was 7.1% in 2004, 7.3% in 2003 and 7.4% in 2002.

We have followed a practice of supplementing our internal research and development efforts by acquiring or licensing new technologies from unaffiliated third parties, acquiring distribution rights with respect thereto, and undertaking collaborative or sponsored research and development activities with unaffiliated companies and academic or research institutions, when we believe it is in our interests to do so.

## P a t e n t s ,   T r a d e m a r k s   a n d   L i c e n s e s

We have been granted and have licensed rights under a number of patents and have other patent applications pending both in the United States and abroad. While these patents and licenses in the aggregate are viewed as valuable assets, we believe that no individual patent is critical to our ongoing operations. We also own a number of trademarks, the most significant being "Millipore".

## C o m p e t i t i o n

We face intense competition in all of our markets. We believe that our principal competitors include GE Healthcare, Pall, Qiagen, Whatman, Sartorius, Cuno, Fisher Scientific, and USFilter. Certain of our competitors are larger and have greater resources than Millipore. While price is an important factor, we compete primarily on the basis of technical expertise, product quality and responsiveness to customer needs, including service and technical support.

## E n v i r o n m e n t a l   M a t t e r s

We are subject to numerous federal, state and foreign laws and regulations that impose strict requirements for the control and abatement of air, water and soil pollutants and the manufacturing, storage, handling and disposal of hazardous substances and waste. We believe we are in substantial compliance with all applicable environmental requirements. We continue to invest in maintaining facilities that enable our compliance with these environmental laws. These environmental related expenditures have not had a material effect on our capital expenditures, earnings or competitive position. Because regulatory standards under environmental laws and regulations have become increasingly stringent, however, there can be no assurance that future developments will not cause us to incur material environmental liabilities or costs.

## R a w M a t e r i a l s

Our products are made from a wide variety of raw materials that are generally available from alternate sources of supply. For certain critical raw materials, we have qualified only a single source. We periodically purchase quantities of some of these critical raw materials in excess of current requirements, in anticipation of future manufacturing needs. With sufficient lead times, we believe we would be able to validate alternate suppliers for each of these raw materials. Several of these critical raw materials are used in a significant portion of our products and if we were unable to obtain supply of any one of them, our loss of revenues would be material.

## B a c k l o g

Generally, orders may be cancelled or rescheduled by the customer without a financial penalty. Thus, we do not have a material amount of firm commitments that serve as backlog orders.

## O t h e r I n f o r m a t i o n

As of December 31, 2004, Millipore employed approximately 4,500 persons worldwide, of whom approximately 1,700 were employed in the United States and approximately 2,800 were employed outside of the United States.

The U.S. Securities and Exchange Commission (the "SEC") maintains an Internet site at <http://www.sec.gov> that contains reports and proxy and information statements of the Company. All reports that the Company files with the SEC may be read and copied at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, DC 20549. Information about the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330.

Millipore's internet website address is [www.millipore.com](http://www.millipore.com). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto, are available free of charge on our website as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. In addition, our corporate governance guidelines, the charters of each of the committees of our Board of Directors, our code of ethics (consisting of our Corporate Compliance Policy, our Employee Code of Conduct and our Rules of Conduct) and our Director Code of Conduct are available on our website and are available in print to any Millipore shareholder upon request in writing to "General Counsel, Millipore Corporation, 290 Concord Road, Billerica, MA 01821".

The certifications of Millipore's Chief Executive Officer and Chief Financial Officer, as required by the rules adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ("302 Certifications"), are filed as exhibits to this Form 10-K. 302 Certifications were also filed as exhibits to our Form 10-K for 2003, as filed with the Securities Exchange Commission in March 2004. Millipore's former Chief Executive Officer, Francis J. Lunger, provided an annual certification to the New York Stock Exchange dated May 25, 2004, that he was not aware of any violations by the Company of the New York Stock Exchange corporate governance listing standards.

## E x e c u t i v e O f f i c e r s o f t h e R e g i s t r a n t

The following is a list, as of March 1, 2005, of the executive officers of Millipore Corporation. All of such executive officers were elected to serve until the first Directors Meeting following our 2005 Annual Stockholders Meeting.

Name	Age	Office	First Elected or Appointed	
			An Executive Officer	To Present Office
Martin D. Madaus	45	Chairman of the Board, President and Chief Executive Officer	2005	2005
Kathleen B. Allen	49	Vice President and Chief Financial Officer	2000	2000
Dominique F. Baly	56	Vice President	2000	2001
Vinay Goel	56	Vice President	2000	2001
Peter C. Kershaw	51	Vice President	2004	2004
John E. Lary	59	Vice President	1994	1994
Jeffrey Rudin	53	Vice President, General Counsel and Secretary	1996	1996
Gregory J. Sam	46	Vice President	2003	2003
Kathleen M. Stearns	52	Vice President	2001	2001
Susan L.N. Vogt	51	Vice President	2000	2001
Charles F. Wagner, Jr.	37	Vice President	2003	2003

*Dr. Madaus* joined Millipore Corporation as its President and Chief Executive Officer, and as a Director, on January 1, 2005, and was appointed Chairman of the Board effective March 1, 2005. From 2000 until December 2004, Dr. Madaus served as President and Chief Executive Officer of Roche Diagnostics Corporation, heading the

North American diagnostics business of Hoffmann-La Roche, a leading pharmaceutical and diagnostics company. Prior to that, Dr. Madaus held various management positions from 1989 to 1999 with Hoffmann-La Roche and with Boehringer Mannheim (prior to its 1998 acquisition by Hoffmann-La Roche). Dr. Madaus also serves on the Boards of Directors of AdvaMed; the Institute for Medical Technology; Central Indiana Corporate Partnership; Biocrossroads; and the Analytical & Life Science Systems Association.

Ms. Allen was elected Vice President and Chief Financial Officer of Millipore Corporation in 2000. Prior to that, Ms. Allen held a wide variety of positions in Millipore's financial organization since joining the Company in 1983, most recently as Millipore Corporation's Corporate Controller and Chief Accounting Officer (1998-2000). Prior to joining Millipore, Ms. Allen practiced public accounting for six years with Arthur Young and Company.

Mr. Baly was elected Vice President of Millipore Corporation in December 2001 and serves as President of the Company's Bioscience Division, which was formed in February 2005 as a combination of the Company's Laboratory Water and Life Sciences Divisions. Mr. Baly also serves as President of Millipore International to which he was appointed in February 2001. From February 2001 through February 2005, Mr. Baly was President of the Laboratory Water Division. Prior to that, Mr. Baly held a wide variety of positions since joining Millipore in 1972, most recently as Vice President of the Analytical Divisions of Millipore from 1994 until 2001.

Dr. Goel was elected Vice President of Millipore Corporation in December 2001 and serves as head of the Company's BioPharmaceutical Research and Development and of the Company's new product development processes, to which he was appointed in January 2005. From 2001 to January 2005, Dr. Goel served as President of the Company's Strategic Separations Media Group (successor to our Membrane Technology Division). From 1999 through 2001, Dr. Goel served as Vice President, Corporate Technology Operations. Prior to 1999, Dr. Goel held a number of positions since joining Millipore as a product development engineer in 1977.

Mr. Kershaw was elected Vice President, Worldwide Manufacturing Operations, of Millipore Corporation effective February 2004. Prior to joining Millipore, Mr. Kershaw served Hologic, Inc., a manufacturer of medical imaging systems, as Corporate Vice President, Manufacturing Operations (2003-2004) and Vice President and General Manager, LORAD Division (2001-2003). Prior to that, Mr. Kershaw served as President (1998-2001) and Vice President and General Manager (1996-1998) of the Medical Device Division of Bespak plc, a manufacturer of plastic injection molded components and finished medical devices.

Mr. Lary was elected Vice President of Millipore Corporation in November 1994 and has since January 2003 been responsible for the Company's European Operations. Until February 2004, Mr. Lary was also responsible for Millipore's device manufacturing, facilities and supply chain organizations. From May 1993 until his election as a Corporate Vice President, Mr. Lary served as Senior Vice President and General Manager of the Company's Americas Operations.

Mr. Rudin was elected Vice President and General Counsel of Millipore Corporation in December 1996 and as Clerk (that office is now known as Secretary) of Millipore in 1999. Prior to joining Millipore, Mr. Rudin served Ciba Corning Diagnostics Corp. as Senior Vice President and General Counsel (1993-1996) and as Vice President and General Counsel (1988-1993).

Mr. Sam was elected Vice President, Quality, of Millipore Corporation in March 2003. Prior to joining Millipore, Mr. Sam served from 2001-2002 as Vice President, Quality, for the Drug Delivery Business Unit of Elan Corporation, a pharmaceutical company focused on the development, manufacturing and marketing of novel therapeutic products, and from 2000-2001 as Vice President, Quality, of Dura Pharmaceuticals (acquired by Elan Corporation in 2000), a manufacturer of prescription pharmaceutical products. From 1999 to 2000, Mr. Sam was Senior Director, Corporate QA – Quality Management, at Watson Pharmaceuticals, Inc., a specialty pharmaceutical company, and from 1996 to 1999 was Director, Qualification & Validation, Worldwide QA, for Rhone-Poulenc Rorer, a pharmaceutical company.

Ms. Stearns was elected Vice President, Human Resources, of Millipore Corporation in April 2001. From 1993 to 2001, Ms. Stearns served the Company in several senior human resources management positions and as country manager of the Company's United Kingdom subsidiary. From 1991 to 1993, Ms. Stearns was Director, Human Resources for Ionpure Technologies, Inc., a process water company.

Ms. Vogt was elected Vice President of Millipore Corporation in December 2001 and serves as President of the Company's BioPharmaceutical Division, to which she was appointed in February 2001. Prior to that, Ms. Vogt held a wide variety of positions since joining the Company in 1981, most recently as Vice President & General Manager, Laboratory Water Division (1999-2001) and General Manager of the Analytical Products Division (1997-1999).

Mr. Wagner joined the Company in December 2002 as Director of Strategic Planning and Business Development and was elected Vice President, Strategic Planning and Business Development, of Millipore Corporation in March 2003. Prior to joining Millipore, Mr. Wagner served as a Manager (2001-2002) and Consultant (1998-2001) at Bain & Company.

## Item 2. Properties.

Millipore operates 11 manufacturing sites located in the United States, France, Ireland, United Kingdom and Brazil. The following table identifies the major production sites that are owned by Millipore, and describes the purposes and the approximate floor space and land area of each.

Location	Facility	Floor Space	Land Area
		Sq. Ft.	Acres
Bedford, MA	Manufacturing, research, warehouse and office	384,000	34
Billerica, MA	Manufacturing, research, warehouse and office	88,000	5
Danvers, MA	Manufacturing, research and office	108,000	16
Jaffrey, NH	Manufacturing, warehouse and office	222,000	52
Cidra, Puerto Rico	Manufacturing, warehouse and office	125,000	29
Molsheim, France	Manufacturing, research, warehouse and office	372,000	20
Cork, Ireland	Manufacturing, warehouse and office	148,000	38

We own a total of approximately 1.5 million square feet of usable space in facilities worldwide (including the facilities listed above), which is used for office, research and development, manufacturing and warehouse purposes. None of our owned facilities are subject to any material encumbrances, except for a finance lease on a portion of the Molsheim, France property.

In addition to our owned properties, we currently lease facilities throughout the world for office, research and development, manufacturing and warehouse uses. The aggregate area of our leased space worldwide is approximately 819,000 square feet and the net rental cost of such leased space was approximately \$12.2 million in 2004. The following leased facilities are the most significant:

1. A lease of 104,000 square feet in a building located in Billerica, Massachusetts, in which our corporate headquarters offices are located, provides for a term ending in 2012, with renewal options for an aggregate of 10 years.
2. A lease of a 134,000 square foot building in Bedford, Massachusetts used for manufacturing and research and development provides for a term ending in 2006, with renewal options for an aggregate of 20 years as well as a purchase option.
3. A lease of a building of 130,000 square feet located in Burlington, Massachusetts, used as our North American distribution center, provides for a term expiring in 2007 and has a single 5-year extension option.
4. A lease of a building of 28,000 square feet located in Consett, England that is used for manufacture of chromatography media products and for related research and development provides for a term expiring in 2016.

Our Cidra, Puerto Rico facility currently operates at approximately 65% of manufacturing capacity. Our Bedford, Massachusetts facility is approximately 65% occupied in anticipation of a planned renovation beginning 2005. All of the other above listed owned and leased major facilities are at least 90% utilized.

We believe that all the facilities we own or lease are well maintained, appropriately insured, in good operating condition and suitable for their present uses with the exception of our Bedford, Massachusetts office building which will be demolished in 2005 in preparation for a new research and development center.

## Item 3. Legal Proceedings.

We are not currently a party to any material legal proceeding.

## Item 4. Submission of Matters to a Vote of Security Holders.

This item is not applicable.

## PART II

### Item 5. Market for Registrant's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Millipore's Common Stock, \$1.00 par value, is listed on the New York Stock Exchange and is traded under the symbol "MIL". The following table sets forth, for the indicated fiscal periods, (i) the high and low sales prices of Millipore's Common Stock (as reported on the New York Stock Exchange Composite Tape). On February 26, 2005, there were approximately 2,357 shareholders of record.

	Range of Stock Prices			
	2004		2003	
	High	Low	High	Low
First Quarter	\$54.08	\$42.50	\$35.90	\$31.74
Second Quarter	\$56.37	\$50.85	\$47.02	\$30.25
Third Quarter	\$55.41	\$47.75	\$48.91	\$40.53
Fourth Quarter	\$51.17	\$44.45	\$47.92	\$40.45

The Company did not declare any cash dividends during 2004 or 2003 nor does the Company currently intend to make future cash dividend declarations or payments.

### Item 6. Selected Financial Data.

The following selected consolidated financial data are derived from our Consolidated Financial Statements and notes thereto and should be read in connection with and are qualified in their entirety by our Consolidated Financial Statements and notes thereto and other financial information included elsewhere in this Form 10-K report. The Company's results from discontinued operations reflect the financial results of Mykrolis Corporation ("Mykrolis") through February 27, 2002, the date on which we distributed our ownership of Mykrolis common stock to our shareholders.

## FIVE YEAR SUMMARY OF OPERATIONS

(In thousands, except per share data)	2004	2003	2002	2001	2000
<b>Statement of income data:</b>					
Net sales	\$ 883,263	\$799,622	\$704,251	\$656,898	\$600,161
Cost of sales	412,129	369,174	308,146	291,219	266,227
Gross profit	471,134	430,448	396,105	365,679	333,934
Selling, general and administrative expenses	270,796	246,819	219,058	200,757	190,556
Research and development expenses	62,485	58,385	52,353	45,816	40,580
Restructuring and other	—	(1,400) <sup>(1)</sup>	1,124 <sup>(1)</sup>	17,962 <sup>(1)</sup>	320 <sup>(2)</sup>
Operating income	137,853	126,644	123,570	101,144	102,478
(Loss) gain on investments	—	—	(2,344) <sup>(3)</sup>	—	7,151 <sup>(4)</sup>
Loss on early extinguishment of debt	—	—	—	(1,899) <sup>(5)</sup>	—
Interest income	2,073	2,035	1,347	2,591	3,486
Interest expense	(9,447)	(16,505)	(18,981)	(25,336)	(26,922)
Income before income taxes	130,479	112,174	103,592	76,500	86,193
Provision for income taxes	24,923	11,378	22,791	14,247	20,108
Income from continuing operations	105,556	100,796	80,801	62,253	66,085
(Loss) income from discontinued operations, net of taxes	—	—	—	(6,736)	53,109
Income (loss) on disposal of discontinued operations, net of taxes	—	—	2,900	(24,400)	—
Total discontinued operations	—	—	2,900	(31,136)	53,109
Net income	<u>\$ 105,556</u>	<u>\$100,796</u>	<u>\$ 83,701</u>	<u>\$ 31,117</u>	<u>\$119,194</u>
Basic income (loss) per share:					
Continuing operations	\$ 2.13	\$ 2.08	\$ 1.68	\$ 1.32	\$ 1.44
Discontinued operations	—	—	0.06	(0.66)	1.16
Net income	<u>\$ 2.13</u>	<u>\$ 2.08</u>	<u>\$ 1.74</u>	<u>\$ 0.66</u>	<u>\$ 2.60</u>
Diluted income (loss) per share:					
Continuing operations	\$ 2.10	\$ 2.06	\$ 1.67	\$ 1.30	\$ 1.40
Discontinued operations	—	—	0.06	(0.65)	1.13
Net income	<u>\$ 2.10</u>	<u>\$ 2.06</u>	<u>\$ 1.73</u>	<u>\$ 0.65</u>	<u>\$ 2.53</u>
Cash dividends declared per share	\$ —	\$ —	\$ —	\$ 0.44	\$ 0.44
Weighted average shares outstanding:					
Basic	49,469	48,574	48,170	47,100	45,803
Diluted	50,201	49,046	48,448	48,060	47,039
<b>Balance sheet data:</b>					
Working capital	\$ 377,846	\$316,070	\$255,282	\$177,676	\$103,083
Total assets	1,013,819	960,298	810,151	971,435	834,496
Total assets from continuing operations	1,013,819	960,298	810,151	653,807	585,706
Long-term debt	147,000	216,000	334,000	320,000	300,130
Total shareholders' equity	638,850	464,681	299,707	413,022	319,765

(1) Amounts were related to restructuring charges taken in connection with our 2001 restructuring program which included reducing, consolidating and outsourcing certain manufacturing operations, centralization of European shared services (including order processing, cash collections and cash application processes) and streamlining certain corporate shared services and divisional overhead functions. The charge included \$15,432 for employee severance costs, \$1,072 for lease cancellation costs, and \$1,458 for the write-off of fixed assets that were no longer in use. In 2003, we completed the restructuring program. Upon completion of this restructuring program and final cash disbursements in the second quarter of 2003, we reversed \$354 for previously estimated lease and severance payments, as these amounts were no longer required and recorded \$250 of assets that had been originally written-off. In addition to completing the 2001 restructuring program during 2003, we received proceeds of \$1,250 and realized a gain of \$796 in connection with the sale of real estate.

(2) In 2000, we settled a patent lawsuit and recorded a charge of \$1,500 for past royalties and we also reversed \$1,180 of a restructuring charge that we recorded in 1998 as we received higher than expected proceeds from the sale of facilities.

(3) In 2002, we recognized \$2,344 of losses attributable to investments, of which \$2,200 was associated with PurePulse Technologies, Inc. ("PurePulse"), from which we had acquired rights to sell virus inactivation products. PurePulse suspended operations in 2002 and we recorded an impairment charge for the full amount of the investment.

(4) During 2000, we sold our holdings in Oxford GlycoSciences Plc., resulting in a gain on sale of securities of \$7,500.

(5) In 2001, we prepaid \$25,000 of the 7.23% note and recorded a \$1,899 (\$1,233 after tax) loss for the premium associated with the early redemption.

Note: Certain reclassifications have been made to previously reported financial data to conform to the 2004 presentation.

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in connection with our Consolidated Financial Statements and related notes thereto and other financial information included elsewhere in this Form 10-K report. Unless otherwise indicated, all items refer to continuing operations only.

### **Basis of Presentation**

Throughout this item, references will be made to "constant currencies". Constant currency is a non-GAAP measure whereby foreign currency balances are translated, for all periods presented, at Millipore's predetermined budgeted exchange rates for 2004, thus excluding the impact of fluctuations in the actual foreign currency exchange rates. In addition to analyzing U.S. GAAP financial results, we also analyze our results in constant currencies as we believe these measures may allow for a better understanding of the underlying business trends.

### **Executive Summary**

Millipore's objective is to be the partner of choice for critical tools, technologies and services used in the discovery, development and manufacture of therapeutic compounds. We will achieve this by leveraging our understanding of current and expected customer needs, our technology and manufacturing expertise and our direct global access to the markets. We believe this strategy will enable us to accelerate revenue growth over the long term, improve operating profitability and generate strong cash flows from operations.

### **Revenue Growth**

During 2004, revenue growth was 10% comprised of 6% growth in constant currencies and 4% foreign currency impact. This compares to revenue growth in 2003 of 14% (6% growth in constant currencies and an 8% foreign currency impact). As described in Item 1, we sell our products into the biotechnology, life science research and other bioscience markets. Additional information related to sales into each one of these markets begins on page 17 of this report.

#### *Biotechnology Market*

The biotechnology market represented approximately 35% of revenue in 2004. In constant currencies, our revenues in this market grew 9% in 2004 compared to 6% in 2003. Sales of consumable products in this market grew 12% and 9% in 2004 and 2003, respectively. However, sales of hardware declined by 5% in 2004 following a 5% decline in 2003. Hardware sales in this market are impacted by customers' decisions to add to or modify their production capacity. These orders can be very large and may result in significant variability in our period-to-period sales growth. Further, in the second half of 2003, we adopted a more selective set of sales criteria which focused on those hardware orders with higher profitability or orders where the customer indicated intent to purchase our consumables and services. This change in strategy contributed to the continued decline in hardware sales to this market.

We believe that consumables revenue growth patterns are more indicative of the longer term prospects for this business. Our revenue from the sale of consumables to a customer is dependent on a number of manufacturing variables related to the customer's processes and the unique characteristics of the molecule being produced. These include expression levels, the cell culture system, the purity of the cell harvest, dosage form, batch size, optimization of the process, design/age of the plant and commercial success of the drug. We have particularly strong and broad product offerings for use in the production of monoclonal antibodies, a specific class of biotherapeutics. Our products are used in at least one of the manufacturing process steps in the majority of commercialized monoclonal antibodies. In the short term, our revenue growth in the biotechnology market is impacted by the purchasing patterns of our customers who are directly influenced by the timing and approval of their drugs. The sales cycle in this market is a long term process which follows the various stages of the drug approval process and may span five to seven years. We provide a number of technologies that can be used in very small scale production of a drug and reliably scale up to full size manufacturing volumes with predictable efficacy. As a result, our revenue related to a specific drug will increase over the various stages of the drug approval process; in particular, as the drug moves into clinical trials and ultimately into commercial production. We are continuously investing in new products and technologies to expand our offerings in this market.

We believe that our long term customer relationships, our specific and differentiating technologies for this market and the number of biotechnology drugs in the drug pipeline will result in long term sustainable growth.

#### *Life Science Research Market*

The life science research market represented approximately 14% of our revenues in 2004. In constant currencies our revenues in this market grew 6% in 2004 and 5% in 2003. Our revenue growth in this market is significantly influenced by the general economic climate and funding environment at life science research centers and contract laboratories. The level of research and development spending by pharmaceutical organizations as well as funding of various private or government research institutions also impact our growth in the life science research market. Our primary market focus is drug development and protein research. We believe there will be increasing demand by customers, primarily in pharmaceutical companies, for solutions that will accelerate the identification of drug candidates. Longer term, increased levels of protein related research will add to our growth in this market. In both the drug development and protein research areas, we provide targeted products and technologies that increase the researcher's productivity, decrease cycle time and improve the quality of leads.

#### *Other Bioscience Market*

The other bioscience market represented approximately 51% of our revenues in 2004 and grew 3% in constant currencies in 2004 and 5% in 2003. We have been supplying products to this market for many decades and are well positioned with our global distribution channels and recognized brand names to grow at rates equal to or greater than the underlying market growth. During 2004, our sales to this market benefited from strong sales to laboratories for water purification and quality control applications especially in Europe. Negatively impacting growth in 2004 were declining sales in of filtration devices to non-strategic applications.

#### *Product Type and Geography*

In addition to markets, we analyze our sales by product type and by geography. In constant currencies, approximately 79% of our revenue is from the sale of consumable products, 17% is from hardware and 4% is from services. We believe that a high mix of consumable and service revenues results in a steady revenue stream as compared to hardware sales that are subject to our customers' capital spending cycles. These cycles may vary significantly from one period to the next. Our constant currency sales by geography for 2004 were distributed 45% in the Americas (primarily the United States), 36% in Europe and 19% in Asia/Pacific. Approximately 80% of our 2004 sales were made through our global direct sales force. Our sales force is augmented with regionally focused distributors and our on-line web store. Our worldwide direct customer access allows us to rapidly introduce new products, apply our unique technology solutions to match customer needs and provide valuable feedback for our research and development team. Our mix of revenue by type and geography has been relatively consistent for each of the last three years.

#### *P r o f i t a b i l i t y*

Operating income as a percent of sales was 15.6% in 2004 compared with 15.8% in 2003. During 2004, as the dollar continued to weaken, we experienced profitability pressures as foreign denominated manufacturing, distribution, selling and administrative support expenses increased due to currency translation. However, our continued expense control and efficient operations support structure enabled us to maintain profitability levels that were approximately equal to 2003.

Our business operations are supported by shared service organizations that operate in regional centers. These support functions include finance, information technologies, customer service, distribution, human resources and technical services. The cost of these support functions is expected to grow at a slower rate than the rate of sales growth. We will continue to invest in sales, service, and application specialists in the field to drive sales growth. We expect to continue focusing our research and development programs on biotechnology and life science research applications.

We expect operating income as a percent of sales to improve slightly in the near-term as a result of the combination of modestly improving gross profit margins and leveraging our shared service infrastructure, while continuing to invest in sales, service and research and development efforts.

## C a s h F l o w

Cash flow from operations was \$167.4 million in 2004 compared with \$132.1 million in 2003. The improvement in cash flow from operations in 2004 is primarily from higher net income, improved accounts receivable collection experience, inventory reductions and an increase in current liabilities.

## C r i t i c a l A c c o u n t i n g P o l i c i e s a n d E s t i m a t e s

This discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. Our most critical accounting policies had a significant impact on the preparation of these financial statements. These policies include estimates and significant judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. We evaluate our estimates and judgments on an on-going basis. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty. We base our estimates and judgments on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We believe the following accounting policies and estimates require us to make the most difficult judgments in the preparation of our consolidated financial statements and accordingly are the most critical.

*Revenue Recognition.* Revenue from the sale of products is recognized when evidence of an arrangement is in place, related prices are fixed or determinable, delivery has occurred (contractual obligations have been satisfied and title and risk of loss have been transferred to the customer) and collection of the resulting receivable is reasonably assured. When significant obligations remain, such as customer site acceptance testing, after products are delivered, revenue and related costs are deferred until such obligations are fulfilled.

Revenue from service arrangements is recognized when the services are provided. For laboratory water systems, installation and maintenance service revenues are recognized when the site service visit is completed. For validation services provided to customers, revenue is recognized when the contracted study is complete and accepted by the customer.

Revenue for certain fixed price contracts associated with our process equipment business is recognized under the percentage of completion method ("POC"). Over the past three years, approximately 3% of our revenues have been derived from POC sales. Revenue is recognized based on the ratio of hours expended compared with the total estimated hours to complete the construction of the process equipment. The cumulative impact of any revisions in estimates of the percent complete is reflected in the period in which the changes become known. In the event that assumptions used in calculating POC during the construction of the process equipment, are later revised, total revenue and expenses estimated for contracts upon completion could differ from the latter estimate. If it is estimated that the project will result in a loss when completed, the entire loss is recognized at that point. Actual results related to POC estimates have been materially the same as the assumptions used at the beginning of each contract. In addition, should a POC contract be cancelled while in progress, we would generally be able to offset the lost revenue and incurred expense with progress payments previously received during the design and construction period. Typically such progress payments can range between 20% and 60% of the total contract sales value. Historically, we have experienced few cancellations. During the last three years, there have been no POC contract cancellations.

*Allowance for Doubtful Accounts.* We regularly evaluate our ability to collect outstanding receivables. Allowances for doubtful accounts are provided when collection becomes unlikely. In performing this evaluation, significant estimates are involved, including an analysis of risks on a customer-by-customer basis. Based upon this information, we reserve an amount believed to be uncollectible. At December 31, 2004, the allowance for doubtful accounts represented approximately 3% of gross receivables. During the past three years, we have provided between \$1.0 – 2.0 million per year for allowances for doubtful accounts, which approximates bad debt write-offs during those years. If the financial condition of our customers were to deteriorate, resulting in their inability to make payments, additional allowances may be required. In addition, revenues attributable to a particular customer would not be recognized in the quarter that collection from that customer was deemed unlikely.

*Inventory Valuation Analysis.* Our product life cycle is generally a minimum of 5 years and may be in excess of 20 years. Therefore, given the stable demand for our products, we generally rely upon recent historic usage and future demand in estimating the realizable value of our inventory. Finished goods and components that are determined to be obsolete are written-off when such determination is made. In certain cases, for newly introduced products and

overstocked products, future demand is considered in establishing inventory write-downs. Raw material and work-in-process inventories are also reviewed for obsolescence and alternative or future use based on reviewing manufacturing plans, future demand and market conditions. In situations where it is determined that work-in-process inventories cannot be converted into finished goods, the inventories are written down to net realizable value. Inventory at December 31, 2004 reflects cumulative net realizable value write-downs of \$17.0 million. Should it be determined that write-downs are insufficient, we would be required to record additional inventory write-downs, which would have a negative impact on gross margin. Once written down, inventory valuation provisions are not subsequently reversed.

*Valuation of Long-lived Assets.* Long-lived assets are comprised of property, plant and equipment, intangible assets and goodwill. We periodically review our long-lived assets to determine if impairment has taken place. The review of intangible assets and goodwill is performed annually at a minimum. In addition, all long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable and accordingly, the net book value of the asset may be reduced. Significant judgments are required to estimate future cash flows, including the selection of appropriate discount rates and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for these assets.

During 2002 and 2003, we invested a cumulative total of \$10.5 million of a planned \$38.4 million project (at the December 31, 2004 actual rate of exchange) to expand manufacturing capacity of a core consumable product line in a building adjacent to our existing manufacturing facility in Ireland. We have delayed the completion of this facility as existing manufacturing capacity supplemented with our strategic inventory supply program can meet the expected demand of this product line through 2010. We currently expect to resume construction of this facility in 2007 as there is a three year lead time before the project can be completed and consumable output validated for use in our products. This facility is now a vacant multipurpose building shell. If necessary, this facility could be used for the manufacturing of alternative products.

During 2004, we conducted an impairment review of our goodwill. The review was based on a comparison of the carrying cost of the goodwill to the fair value of the BioPharmaceutical reporting unit using current valuation multiples of peer companies. Based on our tests, goodwill was not impaired during the year ended December 31, 2004. If the fair value of our BioPharmaceutical reporting unit were substantially reduced, then we may incur charges for impairment of this goodwill.

*Income Tax Provision.* We recognize income taxes when transactions are recorded in our statement of operations, with deferred taxes provided for items that are recognized in different periods for financial statement and tax purposes. We record a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized. In addition, we estimate our exposures relating to uncertain tax positions and establish reserves for such exposures when they become probable and reasonably estimable.

Our valuation allowance is provided to reserve against the expiration of federal and state research credit carryforwards, state investment credit carryforwards, state net operating loss carryforwards and other state deferred tax assets. At December 31, 2004, we had federal research credit ("GBC") carryforwards of approximately \$9.3 million that expire in the years 2005 through 2024. Of the \$9.3 million of GBC carryforwards, approximately \$4.3 million is reserved with a valuation allowance. In 2004, GBC totaling \$1.5 million expired unused and were written off against the valuation allowance. At December 31, 2004, we also had \$23.6 million of state research credit and net operating loss carryforwards and deferred tax assets, all of which are fully reserved with a valuation allowance. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for valuation allowances, the valuation allowances may need to be increased if we are unable to generate sufficient taxable income within the statutory time period that governs general business credit utilization. Any increase in the valuation allowances could have a material adverse impact on our income tax provision and net income in the period in which such determination is made.

We are a worldwide business. Due to our size and the number of tax jurisdictions within which we conduct our business operations, we are subject to tax audits on a regular basis. As a result, we have tax reserves which are attributable to potential tax obligations around the world. We believe the reserves are necessary to adequately reflect tax obligations which may arise out of current and future audits.

We provide for U.S. income taxes on the earnings of foreign subsidiaries unless they are considered indefinitely invested outside the U.S. At December 31, 2004, the cumulative earnings upon which U.S. income taxes have not been provided are approximately \$356.5 million. If these earnings were repatriated to the U.S., they would generate an additional tax provision to reflect the U.S. tax rate impact. Foreign tax credits would also be generated that would partially reduce the U.S. tax liability associated with any repatriation of earnings. We estimate an additional \$99.0 million tax provision would be required to reflect the U.S. tax on such repatriation.

On October 22, 2004, President Bush signed into law the American Jobs Creation Act of 2004 (the "AJCA"). The AJCA contains a number of provisions which will affect the Company in the future. One provision of the AJCA establishes a special deduction for "Qualified Domestic Production Activities". This AJCA provision will apply to Millipore because the Company is a U.S. manufacturer. The special deduction starts at 3% of "Qualified Production Income" as defined in the AJCA ("QPI") in 2005 and will be 9% of QPI when fully phased in after 2009. The Company is studying this provision and related IRS guidance to determine its impact on the Company. A second provision of the AJCA provides a temporary incentive for a U.S. company to repatriate funds deemed to be permanently reinvested outside the U.S., at a reduced effective tax rate of approximately 5.25%. While the Company has no current plans to repatriate earnings under the AJCA, the Company is studying the provision and recent IRS guidance to determine whether it would be beneficial for the Company to make use of the temporary incentive in 2005. The AJCA imposes overall limitations on the amount taxpayers may repatriate. In the case of the Company, that limitation is \$500 million. The range of possible amounts that the Company is considering for repatriation under this provision is between zero and \$500 million. The related potential range of income tax is between zero and approximately \$26 million. If the Company decides to repatriate under the provisions of the AJCA, a tax provision for the related taxes will be recorded in the quarter in which the repatriation plan is approved.

*Employee Pension and Postretirement Medical Plans.* In the United States, we sponsor a pension plan and a postretirement medical plan covering substantially all employees who meet certain eligibility requirements. For both plans, we determine several assumptions that are used in calculating the expense and liability of the plans.

For the pension plan, these key assumptions include the discount rate, expected return on plan assets and rate of future compensation increases. In selecting the expected long-term rate of return on assets, we considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits under the pension plan. This included considering the trusts' asset allocations and the expected returns likely to be earned over the life of this plan. Our method is consistent with the prior year. The discount rate reflects the rate at which an amount that is invested in a portfolio of high-quality debt instruments would provide the future cash flows necessary to pay benefits when they come due. In addition, our actuarial consultants determine the expense and liabilities of the plan using other assumptions for future experience, such as for withdrawal and mortality assumptions. The actuarial assumptions used by us may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of the participants. These differences may have a significant effect on the amount of pension expense recorded by us in future years. During 2004, we used a discount rate of 6.0%, an expected return on plan assets of 8.0% and rate of future compensation increases of 4.0% related to our U.S. pension plan. The most sensitive assumptions used in calculating the expense and liability of our U.S. pension plan are the discount rate and the expected rate of return on plan assets.

The following table shows the impact on expense of a 50 basis point change versus the assumptions used. Positive dollar amounts would result in improved operating income, while a negative dollar amount would reduce operating income.

#### U . S . P e n s i o n P l a n S e n s i t i v i t y A n a l y s i s — 2 0 0 4

(in thousands)		Expected Return on Plan Assets		
		-0.50%	8.00%	+0.50%
Discount Rate	+0.50%	(\$68.5)	(\$14.2)	\$40.2
	6.00%	(\$54.4)	\$0.0	\$54.4
	-0.50%	(\$32.8)	\$21.5	\$75.9

For the postretirement medical plan, we provide to our actuarial consultants key assumptions including the discount rate and the future medical cost escalation rate. In addition, our actuarial consultants also employ other assumptions for future experience, such as withdrawal and mortality. The actuarial assumptions used by us may differ materially from future actual results due to changing conditions in the growth of medical expenses or longer or shorter life spans of the participants. These differences may have a significant effect on the amount of medical cost expense recorded by us. During 2004, we used a discount rate of 6.0% and an expected medical cost escalation rate that declines gradually from 9.0% in 2004 to 5.0% in 2011. The following table shows the impact on expense of a 50 basis point change versus the assumptions used. Positive dollar amounts would result in improved operating income, while a negative dollar amount would reduce operating income.

#### Postretirement Medical Sensitivity Analysis — 2004

(in thousands)		Medical Cost Growth Rate		
		base -0.50%	base	base +0.50%
Discount Rate	+0.50%	\$105.0	\$71.0	\$30.8
	6.00%	\$36.3	\$0.0	(\$35.2)
	-0.50%	(\$8.3)	(\$35.8)	(\$68.5)

In certain foreign subsidiaries, we also sponsor pension plans for our employees. Accounting and reporting for these plans requires the use of country specific assumptions for discount rates, expected returns on assets and rates of compensation increases. We apply a consistent methodology in determining the key assumptions which, in addition to future experience assumptions such as withdrawal rates and mortality rates, are used by our actuaries to determine our liabilities and expenses for each of these plans. The following table shows the impact on expense of a 50 basis point change versus the country specific assumptions included in the consolidated financial statements. Positive dollar amounts would result in improved operating income, while a negative dollar amount would reduce operating income.

#### Foreign Pension Plan Sensitivity Analysis — 2004

(in thousands)		Weighted Average Expected Return on Plan Assets		
		-0.50%	6.17%	+0.50%
Weighted Average Discount Rate	+0.50%	\$125.2	\$189.4	\$253.6
	5.92%	(\$64.2)	\$0.0	\$64.2
	-0.50%	(\$292.2)	(\$228.0)	(\$163.8)

*Intent to Refinance Short-term Debt as Long-term Debt.* Our credit agreement allows for revolving loan borrowings of up to \$250.0 million. Borrowings against our credit agreement of \$47.0 million were outstanding at December 31, 2004, and have been classified as long-term, because of our ability and intent to continuously refinance such borrowings. If our intent to refinance changes, it could result in a significant amount of debt being characterized as short-term debt in future financial statements.

## Results of Operations

### Net Sales

The following discussion of net sales summarizes sales growth by the markets in which our products were used, by the geographies in which our products were sold, and by product types.

### Net Sales by Market

We sell our products into the biotechnology, life science research and other bioscience markets. Sales growth (as compared with the prior year) in constant currencies, by market, is summarized in the table below.

	Net sales (in thousands)			Percent sales growth	
	2004	2003	2002	2004	2003
Biotechnology	\$286,054	\$262,089	\$246,756	9%	6%
Life Science Research	114,618	107,797	102,308	6%	5%
Other Bioscience	408,349	395,446	376,301	3%	5%
Total net sales in constant currencies	809,021	765,332	725,365	6%	6%
Foreign exchange impact	74,242	34,290	(21,114)		
Total net sales in U.S. dollars	<u>\$883,263</u>	<u>\$799,622</u>	<u>\$704,251</u>	10%	14%

	% of net sales (in constant currencies)		
	2004	2003	2002
Biotechnology	35%	34%	34%
Life Science Research	14%	14%	14%
Other Bioscience	51%	52%	52%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

### *Biotechnology Market*

The biotechnology market comprises approximately 35% of total sales. In 2004, sales to this market grew 9% at constant currencies consisting of a 12% increase in sales of consumable products and a 5% decline in sales of hardware. This compares to 2003 constant currency sales growth of 6% consisting of a 9% increase in consumable sales and a 5% decline in sales of hardware.

We sell consumable membrane filter and chromatography media products used in this market. These products represent approximately 84% of our sales within this market. The continued growth in sales of consumable products during 2004 was driven by increased manufacturing campaigns of marketed biotechnology drugs, and start-up and validation of new customer production lines and their processes.

We also sell hardware systems used in the production of biotherapeutics. Our filtration or chromatography hardware systems can range in price from twenty thousand dollars for standardized units to multi-million dollar custom designed systems and represented approximately 16% of our sales within this market. The decline in hardware sales in 2004 and 2003 was predominantly driven by two factors. In the second half of 2003, we adopted a more selective set of sales criteria which focused on those hardware orders with higher profitability or orders where the customer indicated intent to purchase our consumables and services. In addition, capital purchases made by our customers are generally used for construction of their manufacturing capacity and thus can vary significantly period to period based on their product demand or new drug processes.

### *Life Science Research Market*

During 2004, constant currency sales to the life science research market grew 6%. Throughout 2004, we saw an increase in drug discovery and drug development spending by pharmaceutical companies especially in the United States and certain western European countries. In addition, this market is sensitive to worldwide economic conditions as well as funding for life science in both public and private institutions. The improvement of those conditions in 2004 as compared to 2003 further contributed to the positive growth.

The 2003 sales growth of 5% in the life science research market was the net result of strong revenue growth for drug discovery, based on a relatively small level of revenue, being partially offset by a decline in sales of products used in genomics applications.

#### *Other Bioscience Market*

The 2004 constant currency sales growth of 3% in the other bioscience market resulted from strong sales of ultra pure laboratory water purification systems, consumables and related services for quality control and analytical applications, modest sales growth of small and large volume parenteral drugs and nutritional products; and declines in sales of filtration devices to non-strategic applications.

The 2003 constant currency sales growth of 5% in the other bioscience market was due to increased sales of consumable products, laboratory water purification systems and services across all geographies. Growth in the Americas was strong at 8% due to increased sales to non-biotechnology pharmaceutical customers, improved laboratory research funding and increased spending on U.S. homeland defense initiatives. However, Europe's growth was 2% in 2003, reflecting the continued difficult economic climate.

#### Net Sales by Geography

Sales growth (as compared with the prior year) by geography, measured in U.S. dollars and constant currencies, is summarized in the table below.

	U.S. dollars (in thousands)			Percent sales growth	
	2004	2003	2002	2004	2003
Americas	\$367,284	\$336,128	\$314,112	9%	7%
Europe	353,605	318,350	260,364	11%	22%
Asia/Pacific	162,374	145,144	129,775	12%	12%
Total net sales in U.S. dollars	<u>\$883,263</u>	<u>\$799,622</u>	<u>\$704,251</u>	10%	14%

  

	Constant currencies (in thousands)			Percent sales growth	
	2004	2003	2002	2004	2003
Americas	\$366,160	\$336,195	\$314,901	9%	7%
Europe	291,292	285,455	272,981	2%	5%
Asia/Pacific	151,569	143,682	137,483	5%	5%
Total net sales in constant currencies	809,021	765,332	725,365	6%	6%
Foreign exchange impact	74,242	34,290	(21,114)		
Total net sales in U.S. dollars	<u>\$883,263</u>	<u>\$799,622</u>	<u>\$704,251</u>	10%	14%

  

	% of net sales (in U.S. dollars)			% of net sales (in constant currencies)		
	2004	2003	2002	2004	2003	2002
Americas	42%	42%	45%	45%	44%	43%
Europe	40%	40%	37%	36%	37%	38%
Asia/Pacific	18%	18%	18%	19%	19%	19%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

In 2004, the Americas achieved constant currency sales growth of 9% driven by strong sales of process and laboratory scale consumables. Sales benefited from the improving economic environment, improved capital markets for life science and biotech start-ups, increased pharmaceutical and biotechnology spending on drug discovery research. The modest increase in sales, in constant currencies, to customers in Europe was due to a slowly improving European economy and increased laboratory activities by customers within the other bioscience markets that are in environmental, public health, clinical and university sectors. The increase in sales within the Asia/Pacific region was due to an improving economic conditions reduced by the impact from a change in Japanese government policies which delayed the utilization of otherwise available research grants by government and university laboratories.

During 2004, the U.S. dollar, with respect to foreign currencies, was weaker on average as compared to prior year levels. A weaker U.S. dollar will positively impact U.S. dollar sales growth. The impact of translating foreign currency

sales to the U.S. dollar improved the reported sales growth rate by approximately 480 basis points. Since we have a higher percentage of our sales in Europe than in Asia, the impact of translating sales denominated in European currencies has a greater impact on our sales than the impact of translating sales denominated in Asian currencies. The U.S. dollar weakened against the Euro on average by approximately 9% and against the Japanese Yen by approximately 7% as compared with 2003.

During 2003, sales growth, measured in constant currencies, was relatively consistent across our geographies, ranging between 5% and 7% growth. At actual rates of exchange, the U.S. dollar weakened throughout the year against a number of foreign currencies. In 2003, the U.S. dollar weakened against the Euro on average by approximately 17% and against the Yen by approximately 7%. The impact of translating foreign currency sales, primarily the European currencies, to the U.S. dollar improved the reported sales growth rate by approximately 800 basis points in 2003.

#### Net Sales by Product Type

Sales growth (as compared with the prior year) by product type, measured in constant currencies, is summarized in the table below.

	Net sales (in thousands)			Percent sales growth	
	2004	2003	2002	2004	2003
Consumables	\$637,059	\$596,424	\$558,933	7%	7%
Hardware	139,674	140,490	143,069	(1)%	(2)%
Services	32,288	28,418	23,363	14%	22%
Total net sales in constant currencies	809,021	765,332	725,365	6%	6%
Foreign exchange impact	74,242	34,290	(21,114)		
Total net sales in U.S. dollars	\$883,263	\$799,622	\$704,251	10%	14%

  

	% of net sales (in constant currencies)		
	2004	2003	2002
Consumables	79%	78%	77%
Hardware	17%	18%	20%
Services	4%	4%	3%
Total	100%	100%	100%

Sales of our consumables grew in all markets throughout 2004 as compared with 2003. Biotechnology consumable sales growth was robust in 2004, growing 12%. This is primarily due to the sales of chromatography media and filter consumables driven by increased manufacturing campaigns of marketed biotechnology drugs as well as start-up and validation of new customer production lines. The growth in the sales of services in 2004 was achieved across all markets. The increase is due to continued demand for maintenance of our installed base of laboratory water filtration systems as well as increased marketing of validation support services to our biotechnology and pharmaceutical customers.

The slight decrease in hardware sales in 2004 as compared to 2003 was due to a combination of steady sales growth of laboratory systems used in water purification offset by declining sales of large hardware systems principally to the biotechnology market. As previously mentioned, in the second half of 2003, we adopted a more selective set of sales criteria which focused on those hardware orders with higher profitability or orders where the customer indicated intent to purchase our consumables and services.

#### Gross Profit Margins

Gross profit margin percentages were 53.3% in 2004 and 53.8% in 2003. The decrease in our gross profit margin percentage in 2004 as compared with 2003 was primarily due to the strengthening of the Euro against the U.S. dollar which increased the average cost of products manufactured in our European plants. Had exchange rates in 2004 been similar to 2003 rates, gross margins would have been approximately flat year to year. In addition, plant start-up and product validation spending for our new membrane manufacturing facility as well as increased incentive compensation expense in 2004 offset the higher net realizable value write-downs of inventory and restructuring charges in 2003.

In 2003, gross profit margins benefited from a favorable mix of higher margin consumables but were negatively impacted by manufacturing start up costs related to new product introductions, increased depreciation and overhead

expenses related to the improvement of production facilities as well as net realizable value write-downs of obsolete inventory. In addition, during the fourth quarter of 2003, we recorded a charge of \$2.5 million related to manufacturing personnel severance and fixed asset write-offs.

## Operating Expenses

### *Selling, General and Administrative Expenses*

Selling, general and administrative ("SG&A") expenses increased \$24.0 million or 9.7% in 2004 and \$27.8 million or 12.7% in 2003, as compared with the prior years. The increase in 2004 was primarily due to \$13.6 million of increased expense due to the U.S. dollar weakening against the Euro and the Yen; \$4.4 million in CEO transition expenses; a \$3.0 million write-off of intangibles and fixed assets related to the discontinuation of a research and development project; and \$2.5 million of increased incentive compensation.

In the fourth quarter of 2004, following a research and development project review, we determined that the Safepass sterile transfer technology, acquired in 2001, would not achieve our new product profitability and cash flow criteria. Accordingly, we terminated the project and wrote off the \$2.8 million intangible asset and \$0.2 million of related fixed assets.

On April 28, 2004, Francis J. Lunger announced that he would step down as President and CEO of the Company. Mr. Lunger stepped down as President and CEO as of December 31, 2004, and as Director and Chairman of the Company's Board of Directors as of March 1, 2005. In connection with Mr. Lunger's separation agreement, we recorded an expense of approximately \$3.0 million for severance, bonus and related benefits which was recognized through March 1, 2005. We also expect to record additional compensation expense of approximately \$2.0 million to \$5.0 million relating to stock options, of which approximately \$2.0 million was recorded through March 1, 2005 and the remainder will be recorded 90 days thereafter. The amount of expense, within the above range relating to stock options, will depend upon the extent and timing of the exercise of his stock options. We recognized a total of \$4.0 million expense in 2004 relating to this separation agreement.

The \$27.8 million or 12.7% SG&A increase in 2003 was primarily due to \$4.4 million of employee severance costs related to a reduction in work force, \$15.5 million of increased foreign exchange translation due to the U.S. dollar weakening versus the Euro and the Yen, \$6.5 million for increased facility costs and \$5.1 million for salary related cost-of-living increases. These increased costs were partially offset by \$4.1 million of reduced travel during 2003.

### *Research and Development Expenses*

Research and development ("R&D") expenses increased \$4.1 million or 7.0% in 2004 and \$6.0 million or 11.5% in 2003, as compared with the prior years. As a percentage of sales, R&D expenses were 7.1% in 2004 and 7.3% in 2003. Included in 2004 spending was a \$1.0 million increase in incentive compensation.

The increase in R&D expense during 2003 compared with 2002 included \$1.5 million of employee severance costs. Excluding this cost, R&D increased 9.8% over the prior year, and would have been 7.1% of sales.

The increases in R&D spending have been driven by an increase in programs focused on the needs of our customers for new and enhanced products for purification and separation of biological fluid streams and tools which will improve the quality of leads in the laboratory drug discovery process.

### *Restructuring and Other*

In 2003, we completed the 2001 restructuring program. Upon completion of this restructuring program and final cash disbursements in the second quarter of 2003, we reversed \$0.4 million for previously estimated lease and severance payments, as these amounts were no longer required. We also recognized a \$0.2 million benefit for assets that had been previously written-off. Also in 2003, we received proceeds of \$1.3 million and realized a gain of \$0.8 million in connection with a sale of real estate. During 2002, we settled a lawsuit that resulted in us paying \$1.1 million in damages and license fees.

### *Net Interest Expense*

Net interest expense decreased \$7.1 million in 2004 as compared with 2003 and decreased \$3.2 million in 2003 as compared with 2002. The decreases in net interest expense in 2004 and 2003 were a result of decreased amount of average debt outstanding as well as increased cash balances due to strong operating cash flow. On March 4, 2004, we repaid our \$75.0 million, 7.23% note payable.

### *Provision for Income Taxes*

Our effective tax rates on net income for 2004, 2003 and 2002 were 19.1%, 10.1% and 22.0%, respectively. These tax rates represent a blended tax rate primarily as a result of profits across different tax jurisdictions and specific items such as changes in valuation allowances and reserves.

The higher tax rate in 2004 when compared to 2003 was primarily a result of the reversal in 2003 of a tax valuation allowance, partially offset by an increase in tax reserves as well as the geographic distribution of profits.

During the fourth quarter of 2003, we capitalized certain historical R&D costs for tax returns on a retroactive basis, thereby utilizing net operating losses. Because of this capitalization and other tax planning strategies relating to the use of foreign tax credits, the \$22.0 million valuation allowance related to the foreign tax credits was released. Also in the fourth quarter of 2003, we estimated and recorded additional tax reserves of \$10.0 million related to exposures previously mitigated by the reserved foreign tax credits. The net impact of this activity resulted in a \$12.0 million tax benefit.

## **Market Risk**

We are exposed to market risks, which include changes in foreign currency exchange rates and credit risk. We manage these market risks through our normal financing and operating activities and, when appropriate, through the use of derivative financial instruments.

### **Foreign Currency Exchange Rate Risk**

We are exposed to foreign currency exchange rate risk inherent in revenues, net income and assets and liabilities denominated in currencies other than the U.S. dollar. The potential change in foreign currency exchange rates offers a substantial risk to us, as approximately 65% of our business is conducted outside of the United States, generally in foreign currencies. Our risk management strategy currently uses forward contracts to hedge certain foreign currency exposures. The intent is to offset gains and losses that occur on the underlying exposures with gains and losses resulting from the forward contracts that hedge these exposures. Principal hedged currencies include the Euro, Japanese Yen and British Pound. The periods of these forward contracts typically span less than three months. We held forward foreign exchange contracts with U.S. equivalent notional amounts totaling \$93.7 million at December 31, 2004. The fair value of these contracts was a gain of \$0.8 million at December 31, 2004. We do not enter into derivatives for trading or other speculative purposes, nor do we use leveraged financial instruments.

Although we attempt to manage our foreign currency exchange risk through the above activities, when the U.S. dollar weakens against other currencies in which we transact our business, generally sales and net income will be positively but not proportionately impacted.

### **Credit Risk**

We are exposed to concentrations of credit risk in cash and cash equivalents and trade receivables. Cash and cash equivalents are placed with major financial institutions with high quality credit ratings. The amount placed with any one institution is limited by policy. Trade receivables credit risk exposure is limited due to the large number of established customers and their dispersion across different geographies.

## **Capital Resources and Liquidity**

Cash flow provided from operations was \$167.4 million in 2004, \$132.1 million in 2003 and \$107.6 million in 2002. The increase in cash flow from operations in 2004 compared with 2003 was primarily the result of increased net income, continued strong accounts receivable collection performance, improved inventory control and higher accrued expenses.

Despite higher sales volume, accounts receivable declined approximately \$1.6 million in 2004 compared with 2003 due to improved cash collections. The decrease in accounts receivable resulted in days sales outstanding (“DSO”) improving from 71 days at December 31, 2003 to 70 days at December 31, 2004, as measured in constant currencies. The improvement resulted from a higher mix of receivables in the United States where we benefit from a shorter customer payment cycle and continued strong collection performance. We believe that our DSO will continue at about the current level.

Inventory decreased approximately \$1.5 million from December 31, 2003 to December 31, 2004. The decrease resulted from manufacturing and supply chain management programs put in place during the second half of the year that are aimed at better matching material acquisition and production to product demand.

Accrued liabilities increased \$8.8 million from December 31, 2003 to December 31, 2004. Approximately \$5.3 million was related to various employee compensation accruals related to improved business performance. In addition, at December 31, 2004, approximately \$2.3 million was accrued for severance costs related to the departure of Francis J. Lunger, former CEO and President of Millipore.

The increase in cash flow from operations in 2003 compared with 2002 was primarily the result of increased net income, strong accounts receivable collection performance, higher accrued expenses offset by increased purchases and production of inventory. Accounts receivable declined approximately \$3.5 million in 2003 compared with 2002 due to improved cash collections. The decrease in accounts receivable resulted in days sales outstanding improving from 77 days at December 31, 2002 to 71 days at December 31, 2003, as measured in constant currencies. The improvement occurred primarily in the United States and Europe. Inventory increased approximately \$11.1 million from December 31, 2002 to December 31, 2003. This increase was primarily a result of planned stockpiling initiatives for key raw materials in anticipation of 2004 and 2005 sales. Accrued liabilities increased \$4.7 million from December 31, 2002 to December 31, 2003. Approximately \$6.3 million of the total \$7.3 million of severance remained in accrued liabilities at December 31, 2003 as we reduced our global workforce by 78 employees during the fourth quarter of 2003. These accrued severance payments were made during 2004.

The cash flow that we generated from operations during 2004 was used for the purchase of property, plant and equipment and repayment of debt. During 2004, we purchased \$63.7 million of property, plant and equipment as compared to \$71.9 million of property, plant and equipment purchases in 2003. The 2004 and 2003 additions were driven principally by our continued need to upgrade and add manufacturing capacity. We completed the construction of our new, state-of-the-art filtration membrane manufacturing facility in Jaffrey, New Hampshire and substantially completed our new administrative facility in France. During 2005, we expect to spend in the range of \$85 to \$90 million on capital expenditures.

There were various capital programs in progress at December 31, 2004 which we anticipate substantially completing during 2005. An exception is a manufacturing facility in Ireland. During 2002 and 2003, we invested a cumulative total of \$10.5 million of a planned \$38.4 million project (at the December 31, 2004 actual rate of exchange) to expand manufacturing capacity of a core consumable product line in a building adjacent to our existing manufacturing facility in Ireland. We have delayed the completion of this facility as existing manufacturing capacity supplemented with our strategic inventory supply program can meet the expected demand of this product line through 2010. We currently expect to resume construction of this facility in 2007 as there is a three year lead time before the project can be completed and consumable output validated for use in our products. This facility is now a vacant multipurpose building shell. If necessary, this facility could be used for the manufacturing of alternative products.

During 2004 and 2003, we received \$30.3 million and \$13.7 million, respectively, from employees exercising stock options and purchasing shares of our common stock in accordance with our Employees’ Stock Purchase Plan (“ESPP”). Effective February 2005, we discontinued the ESPP.

Operating cash flows were also used to repay debt. In 2004, we repaid the \$75.0 million 7.23% note that became due in March 2004 and repaid \$69.0 million of borrowings under our revolving line of credit. In 2003, we reduced borrowings under our revolving line of credit by \$44.5 million. We expect to continue using cash flows from operations to invest in capital projects, to reduce debt and/or to fund possible acquisitions.

We have a five year unsecured revolving credit agreement that allows for revolving loan borrowings of up to \$250.0 million. The terms for interest rates on individual borrowings are established for periods not to exceed twelve months. Because of our ability and intent to continuously refinance such borrowings under our revolving credit agreement, short-term borrowings expected to be refinanced, including \$47.0 million of amounts outstanding at December 31, 2004, have been classified as long-term. Interest is payable on outstanding borrowings at a floating rate defined in the

agreement as Eurocurrency rate plus a margin. The weighted average interest rate on outstanding borrowings was 3.1% as of December 31, 2004. The credit agreement also calls for a facility fee at a rate ranging from 0.25 to 0.625 percent of the available facility. The exact amount of the margin and the facility fee is dependent on our debt rating. During the fourth quarter of 2003, a leading debt rating agency upgraded our rating. In the first quarter of 2004, another leading agency reaffirmed their rating with a positive outlook. The credit agreement calls for us to maintain certain financial covenants in the areas of leverage ratios and interest coverage. We are compliant with all required covenants.

We maintain various pension and postretirement plans for the benefit of our employees. At December 31, 2004, our U.S. pension plan and postretirement benefit plans were under-funded relative to their accumulated benefit obligations by \$7.0 million and \$11.3 million, respectively. We anticipate funding for these plans will be approximately \$1.8 million over the next twelve months. At December 31, 2004, our international retirement plans were under-funded by \$16.0 million. We anticipate funding for these plans will be approximately \$0.7 million in 2005. Fluctuations in the fair market value of assets related to these plans will affect pension expense in future years.

We believe that our balances of cash and cash equivalents, our ready access to capital markets for competitively priced instruments and cash flows expected to be generated by future operating activities will be sufficient to meet our operating cash requirements over the next twelve to twenty-four months.

The following table summarizes our minimum future payments under our contractual obligations at December 31, 2004:

	Payment due				
	Total	Less than 1 year	1-3 years (in millions)	3-5 years	More than 5 years
Long-term debt obligations	\$147.0	\$ —	\$147.0	\$ —	\$ —
Non-cancellable operating leases	45.9	9.4	12.8	8.3	15.4
Employee pension and postretirement medical plans	36.3	2.6	5.4	6.6	21.7
Non-cancellable purchase obligations	33.3	25.8	5.7	1.8	—
Total	<u>\$262.5</u>	<u>\$37.8</u>	<u>\$170.9</u>	<u>\$16.7</u>	<u>\$37.1</u>

Our purchase obligations include obligations related to the future purchase of goods and services, capital lease obligations, and other long term liabilities reflected on our balance sheet.

#### R e l a t e d   P a r t y   A g r e e m e n t s

During 2004, Merck & Co., Inc. purchased an aggregate of \$10.8 million of products from Millipore and its subsidiaries. Dr. Edward M. Scolnick, a Director of Millipore since December 2001, was, until December 2002, Executive Vice President, Science & Technology, Merck & Co., Inc. and President of Merck Research Laboratories. Dr. Scolnick resigned from Merck Research Laboratories in September 2004. The relationship between Millipore and Merck & Co., Inc. predates by many years Dr. Scolnick's election as a Director. Melvin D. Booth, a Director of Millipore since June 2004, was President and Chief Operating Officer of MedImmune, Inc. prior to joining Millipore. During 2004, MedImmune purchased an aggregate of \$1.7 million of products from Millipore and its subsidiaries. The relationship between Millipore and MedImmune predates Mr. Booth's election as a Director. These relationships do not affect the "independence" of these directors under applicable regulations of the Securities Exchange Act of 1934, as amended, and the NYSE listing standards applicable to corporate governance.

During 2004, Millipore expended approximately \$240,000 for hotel accommodations and business functions at one or more hotels located in close proximity to its wholly-owned subsidiary Millipore SAS in Molsheim, France. These hotels are owned by a brother of Dominique F. Baly, a Vice President of Millipore.

#### D i v i d e n d s

We discontinued cash dividend payments in 2002. We currently do not intend to make future cash dividend declarations or payments.

## Legal Proceedings

We currently are not a party to any material legal proceeding.

## New Accounting Pronouncements

In January 2004, the Financial Accounting Standards Board (the "FASB") issued FASB Staff Position ("FSP") No. 106-1 and in May 2004 issued FSP No. 106-2, *"Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003"* (the "Act"). The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree healthcare benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. FSP No. 106-1 is effective for interim or annual financial statements of fiscal years ending after December 7, 2003 and FSP No. 106-2, which superseded FSP No. 106-1, is effective for interim or annual financial statements of fiscal years ending after June 15, 2004. As permitted under FSP No. 106-2, the Company has elected to defer the accounting for the Act until authoritative guidance is issued on the determination of actuarial equivalence for purposes of receiving the federal subsidy. On January 21, 2005, the Center for Medicare and Medicaid Services released the final regulations implementing the Act. The Company expects a reduction to its accumulated postretirement benefit obligation under the Company's postretirement medical plan but is still in the process of quantifying the impact of the Act. The reduction in the accumulated postretirement benefit obligation will be recognized as an actuarial gain in the first fiscal quarter of 2005.

In November 2004, the FASB issued SFAS No. 151, *"Inventory Costs, an amendment of ARB No. 43, Chapter 4"*. SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, *"Inventory Pricing,"* to clarify the accounting for abnormal amounts of idle facility expense, freight and handling costs, and wasted material (spoilage). SFAS No. 151 requires that those items be recognized as current period charges. In addition, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No. 151 will be effective for fiscal years beginning after June 15, 2005. The adoption of SFAS No. 151 is not expected to have a significant impact on the Company's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), *"Share-Based Payment"* ("SFAS No. 123R"), which replaces SFAS No. 123, *"Accounting for Stock-Based Compensation,"* and supersedes Accounting Principles Board Opinion No. 25, *"Accounting for Stock Issued to Employees."* SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The pro forma footnote disclosure alternative is no longer allowable under SFAS No. 123R. The revised standard is effective for public entities in the first interim or annual reporting period beginning after June 15, 2005 and therefore, will be effective for the Company beginning with the third quarter of fiscal 2005. The Company is evaluating the new standard and its equity compensation plans and has not yet determined whether there will be any changes to these plans as a result of the implementation of the revised standard. Therefore, the Company is in the process of assessing the impact of expensing stock options on its consolidated financial statements.

On December 1, 2004, the Company accelerated the vesting of 1,994 stock options granted to employees and directors that had an option price equal to or greater than the fair market value of the Company's common stock ("out-of-the-money") as of the close of the previous day, or \$48.72. Also on December 1, 2004, the Company granted stock options to employees, of which 50% vested immediately and the remainder will vest over a four-year term. These actions caused a relative increase in pro forma compensation expense under SFAS No. 123 but had no impact on the Company's reported net income for the year ended December 31, 2004. Upon adoption of SFAS No. 123 (revised 2004), *"Share-based Payment,"* in the third fiscal quarter of 2005, the Company will not have any stock-based compensation expense from these accelerated options or the portion of the December 1, 2004 grant that was vested immediately. Management accelerated the vesting of out-of-the-money options because it will improve future operating results by eliminating future compensation expense associated with these stock options that had no current intrinsic value. Management also believes that its actions provide benefit to the employees and help employee retention.

The American Jobs Creation Act of 2004 (the "AJCA") contains a number of provisions which will affect the Company in the future. One provision of the AJCA establishes a special deduction for "Qualified Domestic Production Activities" for U.S. manufacturers. The special deduction starts at 3% of "Qualified Production Income" as defined in the Act ("QPI") in 2005 and will be 9% of QPI when fully phased in after 2009. In December 2004, the FASB issued FSP No. 109-1, *"Application of FASB Statement No. 109, 'Accounting for Income Taxes,' to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004"*. FSP No. 109-1 requires that qualified production activities deductions should be accounted for as a special deduction in accordance with SFAS No. 109 and that the related impact of this deduction should be reported in the period in which the deduction is claimed on the Company's tax returns. The Company is studying this provision and related IRS guidance to determine its impact on the Company's consolidated financial statements.

A second provision of the AJCA provides a temporary incentive for a U.S. company to repatriate funds deemed to be permanently reinvested outside the U.S., at a reduced effective tax rate of approximately 5.25%. In December 2004, the FASB issued FSP No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004," to address the appropriate point at which a company should reflect in its financial statements the effects of the one-time tax benefit on the repatriation of foreign earnings. The FASB provided companies with additional time beyond the financial reporting period to evaluate the effect of the AJCA on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. While the Company has no current plans to repatriate earnings under the AJCA, the Company is studying the AJCA and recent IRS guidance to determine whether it would be beneficial for the Company to make use of the temporary incentive in 2005. If the Company decides to repatriate under the provisions of the AJCA, a tax provision for the related taxes will be recorded in the quarter in which the repatriation plan is approved.

## **B u s i n e s s   O u t l o o k   a n d   U n c e r t a i n t i e s**

The following statements are based on current expectations. These statements are forward looking and actual results may differ materially.

*Sales:* We expect 2005 sales in constant currencies to increase 5 to 7 percentage points over 2004.

We expect our sales within the biotechnology market to grow between 7% and 9% in 2005. Over the long term, we expect our rate of growth in the biotechnology market to accelerate as our customers progress in their development and commercialization of therapeutic compounds, particularly monoclonal antibodies. Our biotechnology customers purchase our products for use in their validated production processes. Accordingly, it is important to participate in the development of the manufacturing process for these new therapeutic compounds in order to be specified into the ultimate manufacturing process. Adoption of new technologies and products requires a lengthy validation process prior to adoption. Growth in this market is highly dependent on the development and approval of new therapeutic compounds and their commercial success. It is difficult to ascertain the number or timing of such approvals and the extent of the commercial success of the approved compounds.

The number of drugs at various stages in the development pipeline has increased over the past several years. There are approximately 550 antibodies which are of particular interest to us due to our specific technology solutions. More importantly there are approximately 100 antibodies in Phase II and III of the approval process. We may not realize significant revenue growth from drugs in their first year of approval. Significant revenue growth from a drug will not occur unless and until it has been successfully accepted in the market.

We expect our sales within the life science research market will grow at 8% to 10% in 2005. We believe that the general economic environment is beginning to show improvement and expect that there will be an increase in drug development spending and a gradual increase in spending for protein research. We expect that our new products and protocols used in testing for absorption, solubility and protein binding will successfully penetrate the drug discovery market from target identification through validation.

Our other bioscience market (approximately 51% of total sales in 2004) is expected to be our slowest growing market in 2005. We expect that sales in this market will continue to be impacted by economic and competitive pressures, yet we are expecting the growth rates will approximate 3% to 4%.

Approximately 55% of our sales are to customers outside of the Americas and are generally denominated in foreign currencies. As previously noted, currencies had a net positive impact to sales in 2004 as compared with 2003. If the strong Euro and Japanese Yen rates as of December 31, 2004 remain in effect throughout all of 2005, there would be a significant impact on reported sales growth – potentially increasing sales growth by 500 basis points.

Our products are made from a wide variety of raw materials that are generally available from alternate sources of supply. For certain critical raw materials, we have qualified only a single source. We periodically purchase quantities of some of these critical raw materials in excess of current requirements, in anticipation of future manufacturing needs. With sufficient lead times, we believe we would be able to validate alternate suppliers for each of these raw materials. Several of these critical raw materials are used in a significant portion of our products and if we were unable to obtain supply of any one of them, the loss of revenues to us would be material.

*Gross Margins:* We expect gross margin percentages of approximately 53.5% in 2005, approximately equal to 2004. Although we expect to benefit from increased production volumes, we are cautious about expecting significant margin expansion in the near future. During 2005, we will be actively relocating and consolidating like-kind manufacturing operations to leverage manufacturing skills, management, quality systems and manufacturing processes in order to achieve long term margin improvement. We expect that this initiative will put pressure on margins in 2005 as personnel are reassigned and machinery and equipment is relocated.

*Operating Expenses:* We expect that operating expenses, as a percentage of sales, in 2005 will be slightly lower than in 2004. We expect R&D expense to average between 7 and 7.5% of net sales. In addition, we will continue to invest in sales, service and marketing resources focused on maintaining or improving customer services, supporting the launch of new products and development of future sales initiatives aimed at improving our competitive positions. We expect SG&A expense to average approximately 29.5% of net sales in 2005.

*Net Interest Expense, Capital Resources and Liquidity:* Net interest expense is expected to decrease again in 2005, as we intend to use cash to reduce outstanding borrowings. We are currently evaluating the impact of the AJCA. Should we decide to remit a dividend to the U.S., it is possible that additional borrowings will occur to finance the remittance.

*Provision for Income Taxes:* The effective tax rate in 2005 is projected to be approximately 22%, compared with an effective rate of 19.1% for 2004. The expected higher tax rate in 2005 is due to an expected higher mix of profits in higher tax jurisdictions.

*Capital Spending:* We expect to spend approximately \$85 to \$90 million for fixed asset additions in 2005. Approximately 30% of our 2005 capital expenditures will be focused on expanding, consolidating and updating our U.S. research facilities and expanding our membrane manufacturing capacity in Ireland. We also expect that 2005 depreciation expense will be approximately \$1 million higher than reported in 2004.

### **F o r w a r d - L o o k i n g   S t a t e m e n t s**

The matters discussed in this Form 10-K Annual Report, as well as in future oral and written statements by our management, that are forward-looking statements are based on our current expectations. These expectations involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. When used herein or in such statements, the words "anticipate", "believe", "estimate", "expect", "may", "will", "should" or the negative thereof and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. In addition to the matters discussed herein, potential risks and uncertainties that could affect our future operating results include, without limitation, foreign exchange rates; regulatory delay in the approval of new therapeutics and their ultimate commercial success; further consolidation of drug manufacturers; competitive factors such as new membrane technology; lack of availability of raw materials or component products on a timely basis; inventory risks due to shifts in market demand; change in product mix; conditions in the economy in general and in bioscience markets in particular; potential environmental liabilities; the inability to utilize technology in current or planned products due to overriding rights of third parties; difficulties inherent in research and development activities; and the other risk factors described elsewhere in this Form 10-K Annual Report.

### **I t e m   7 A .   Q u a n t i t a t i v e   a n d   Q u a l i t a t i v e   D i s c l o s u r e s   A b o u t M a r k e t   R i s k .**

The information called for by this item is set forth under the heading "Market Risk" in Management's Discussion and Analysis contained in Item 7 above which information is hereby incorporated by reference.

### **I t e m   8 .   F i n a n c i a l   S t a t e m e n t s   a n d   S u p p l e m e n t a r y   D a t a .**

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## Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that, as of December 31, 2004, our internal control over financial reporting was effective based on those criteria.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2004 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Directors of Millipore Corporation:

We have completed an integrated audit of Millipore Corporation's 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2004 and audits of its 2003 and 2002 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

### *Consolidated financial statements*

In our opinion, the consolidated financial statements listed in the index appearing on page 26 present fairly, in all material respects, the financial position of Millipore Corporation and its subsidiaries at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

### *Internal control over financial reporting*

Also, in our opinion, management's assessment, included in "Management's Report on Internal Control over Financial Reporting" appearing on page 27, that the Company maintained effective internal control over financial reporting as of December 31, 2004 based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control – Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/S/ PRICEWATERHOUSECOOPERS LLP

Boston, Massachusetts  
March 16, 2005

MILLIPORE CORPORATION

CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share data)

	Year ended December 31,		
	2004	2003	2002
Net sales	\$883,263	\$799,622	\$704,251
Cost of sales	412,129	369,174	308,146
Gross profit	471,134	430,448	396,105
Selling, general and administrative expenses	270,796	246,819	219,058
Research and development expenses	62,485	58,385	52,353
Restructuring and other	—	(1,400)	1,124
Operating income	137,853	126,644	123,570
Loss on investments	—	—	(2,344)
Interest income	2,073	2,035	1,347
Interest expense	(9,447)	(16,505)	(18,981)
Income before income taxes	130,479	112,174	103,592
Provision for income taxes	24,923	11,378	22,791
Income from continuing operations	105,556	100,796	80,801
Income on disposal of discontinued operations, net of taxes	—	—	2,900
Net income	<u>\$105,556</u>	<u>\$100,796</u>	<u>\$ 83,701</u>
Basic income per share:			
Continuing operations	\$ 2.13	\$ 2.08	\$ 1.68
Discontinued operations	—	—	0.06
Net income	<u>\$ 2.13</u>	<u>\$ 2.08</u>	<u>\$ 1.74</u>
Diluted income per share:			
Continuing operations	\$ 2.10	\$ 2.06	\$ 1.67
Discontinued operations	—	—	0.06
Net income	<u>\$ 2.10</u>	<u>\$ 2.06</u>	<u>\$ 1.73</u>
Weighted average shares outstanding:			
Basic	49,469	48,574	48,170
Diluted	50,201	49,046	48,448

The accompanying notes are an integral part of the consolidated financial statements.

**MILLIPORE CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except per share data)

	December 31,	
	2004	2003
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 152,144	\$ 147,027
Accounts receivable (less allowance for doubtful accounts of \$4,968 and \$3,905 as of December 31, 2004 and 2003, respectively)	181,911	174,979
Inventories	143,714	137,757
Deferred income taxes	54,247	71,018
Other current assets	8,840	5,507
Total current assets	540,856	536,288
Property, plant and equipment, net	351,004	316,890
Deferred income taxes	85,197	66,325
Intangible assets, net	19,584	25,348
Goodwill	9,433	9,433
Other assets	7,745	6,014
Total assets	\$1,013,819	\$ 960,298
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ —	\$ 75,000
Accounts payable	66,970	60,836
Accrued expenses	88,407	73,971
Accrued income taxes payable	7,633	10,411
Total current liabilities	163,010	220,218
Deferred income taxes	7,495	2,268
Long-term debt	147,000	216,000
Other liabilities	57,464	57,131
Total liabilities	374,969	495,617
Commitments and contingencies (Notes 13 and 17)	—	—
Shareholders' equity:		
Common stock, par value \$1.00 per share, 120,000 shares authorized; 49,816 shares issued and outstanding as of December 31, 2004; 56,988 shares issued and 48,883 shares outstanding as of December 31, 2003	49,816	56,988
Additional paid-in capital	10,654	93,035
Retained earnings	529,534	532,872
Unearned compensation	(4)	(631)
Accumulated other comprehensive income	48,850	19,413
Treasury stock at cost, 8,105 shares as of December 31, 2003	—	(236,996)
Total shareholders' equity	638,850	464,681
Total liabilities and shareholders' equity	\$1,013,819	\$ 960,298

The accompanying notes are an integral part of the consolidated financial statements.

MILLIPORE CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
Years Ended December 31, 2004, 2003 and 2002  
(In thousands)

	Common Stock		Accumulated Other Comprehensive Income (Loss)						Treasury Stock		Total Shareholders' Equity	
	Shares	Par Value	Additional Paid-In Capital	Retained Earnings	Unearned Compensation	Unrealized Gain (Loss) on Securities	Translation Adjustments	Additional Minimum Pension Liabilities	Total	Shares		Cost
Balance at December 31, 2001	56,988	\$56,988	\$ 88,584	\$ 600,479	\$(2,785)	\$ 407	\$(64,798)	\$ —	\$(64,391)	(9,112)	\$(265,853)	\$ 413,022
Comprehensive income:												
Net income				83,701								83,701
Net unrealized losses on securities available for sale, net of tax of \$44						(155)		(155)	(155)			(155)
Minimum pension liability adjustments, net of tax of \$3,049								(5,663)	(5,663)			(5,663)
Translation adjustments, net of tax of \$6,863							26,375		26,375			26,375
Total comprehensive income												104,258
Stock issued under stock plans				1,532						536	15,046	16,578
Amortization of unearned compensation					936							936
Tax benefit from stock plan activities			2,754									2,754
Distribution of net assets of Mykrolis				(253,573)	395	(248)	15,585		15,337			(237,841)
Balance at December 31, 2002	56,988	56,988	91,338	432,139	(1,454)	4	(22,838)	(5,663)	(28,497)	(8,576)	(250,807)	299,707
Comprehensive income:												
Net income				100,796								100,796
Net unrealized gains on securities available for sale, net of tax of \$38						72		72	72			72
Minimum pension liability adjustments, net of tax of \$392								710	710			710
Translation adjustments, net of tax of \$8,563							47,128		47,128			47,128
Total comprehensive income												148,706
Stock issued under stock plans				(63)						471	13,811	13,748
Amortization of unearned compensation					823							823
Tax benefit from stock plan activities			1,697									1,697
Balance at December 31, 2003	56,988	56,988	93,035	532,872	(631)	76	24,290	(4,953)	19,413	(8,105)	(236,996)	464,681
Comprehensive income:												
Net income				105,556								105,556
Net unrealized gains on securities available for sale, net of tax of \$42						127		127	127			127
Minimum pension liability adjustments, net of tax of \$882								(1,709)	(1,709)			(1,709)
Translation adjustments, net of tax of \$5,403							31,019		31,019			31,019
Total comprehensive income												134,993
Stock issued under stock plans	249	249	9,641	2,205						684	19,963	32,058
Reclassification of treasury stock to common stock	(7,421)	(7,421)	(98,513)	(111,099)						7,421	217,033	—
Amortization of unearned compensation					627							627
Tax benefit from stock plan activities			6,491									6,491
Balance at December 31, 2004	49,816	\$49,816	\$ 10,654	\$ 529,534	\$ (4)	\$ 203	\$ 55,309	\$(6,662)	\$ 48,850	—	\$ —	\$ 638,850

**MILLIPORE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Year ended December 31,		
	2004	2003	2002
Cash flows from operating activities:			
Net income	\$ 105,556	\$ 100,796	\$ 83,701
Less: Income on disposal of discontinued operations, net of tax	—	—	(2,900)
Income from continuing operations	105,556	100,796	80,801
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Net loss on investments	—	—	2,344
Depreciation and amortization	44,478	39,638	33,910
Gain on sale of property, plant and equipment	—	(796)	—
Deferred income tax provision (benefit)	1,197	(20,581)	(2,584)
Loss on impairment of identifiable intangible assets	2,815	—	—
Tax benefit from stock plan activities	6,491	1,697	2,754
Non-cash stock-based compensation	2,404	823	1,047
Changes in operating assets and liabilities:			
Decrease in accounts receivable	1,623	3,459	8,952
Decrease (increase) in inventories	1,502	(11,095)	(19,882)
(Increase) decrease in other current assets	(2,905)	515	(446)
(Increase) decrease in other assets	(1,659)	2,391	402
Increase (decrease) in accounts payable	2,768	(2,974)	6,630
Increase (decrease) in accrued expenses	8,781	4,667	(8,249)
(Decrease) increase in accrued income taxes payable	(9,247)	9,019	(823)
Increase in other liabilities	3,620	4,534	2,724
Net cash provided by operating activities	167,424	132,093	107,580
Cash flows from investing activities:			
Additions to property, plant and equipment	(63,744)	(71,854)	(79,309)
Proceeds from sale of property, plant and equipment	—	1,250	—
Acquisition	—	—	(11,676)
Additions to investments and intangible assets	—	—	(2,609)
Net cash used in investing activities	(63,744)	(70,604)	(93,594)
Cash flows from financing activities:			
Proceeds from issuance of common stock under stock plans	30,281	13,715	15,652
Repayments of debt	(75,000)	—	(100,000)
Net (repayments of) proceeds from revolver borrowings	(69,000)	(44,500)	113,542
Dividends paid	—	—	(5,266)
Net cash (used in) provided by financing activities	(113,719)	(30,785)	23,928
Effect of foreign exchange rates on cash and cash equivalents	15,156	15,081	4,330
Net cash provided by continuing operations	5,117	45,785	42,244
Net cash used by discontinued operations	—	—	(3,452)
Net increase in cash and cash equivalents	5,117	45,785	38,792
Cash and cash equivalents at beginning of year	147,027	101,242	62,450
Cash and cash equivalents at end of year	<u>\$ 152,144</u>	<u>\$ 147,027</u>	<u>\$ 101,242</u>

The accompanying notes are an integral part of the consolidated financial statements.

## MILLIPORE CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (In thousands, except per share data)

#### 1. Description of Operations

Millipore Corporation ("Millipore" or the "Company") is a multinational bioscience company that provides technologies, tools and services for the discovery, development and production of therapeutic drugs and for other purposes. The Company serves customers in the worldwide biotechnology, life science research and other bioscience markets with a variety of products and services used in the purification, separation and analysis of fluids. The Company's products are based on a variety of enabling technologies, including the Company's membrane filtration and chromatography technologies.

#### 2. Summary of Significant Accounting Policies

##### Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The Company consolidates entities of which it controls or owns more than fifty percent of the voting shares. All intercompany accounts and transactions have been eliminated in consolidation.

##### Translation of Foreign Currencies

The functional currencies of the Company's foreign subsidiaries are the local currencies. The financial statements of these subsidiaries are translated into U.S. dollars in accordance with Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation." Assets and liabilities are translated at prevailing exchange rates on the balance sheet date, revenues and expenses are translated at average exchange rates during the period, and elements of shareholders' equity are translated at historical rates. The resulting translation adjustments are reported as a separate component of Other Comprehensive Income in shareholders' equity. Exchange gains and losses on foreign currency transactions are included in selling, general and administrative expenses in the consolidated statements of income.

##### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. Estimates and assumptions are reviewed on an on-going basis and the effects of revisions are reflected in the consolidated financial statements in the period in which they are determined to be necessary. Actual results could differ from those estimates.

##### Reclassifications

Certain reclassifications have been made to prior years' financial statements to conform to the 2004 presentation. These reclassifications have no impact on previously reported net income or cash flows.

##### Cash Equivalents

Cash equivalents, consisting primarily of investments in money market mutual funds, are carried at cost plus accrued interest, which approximates fair market value. All cash equivalents are highly liquid investments with original maturities of three months or less.

##### Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company places its cash and cash equivalents in various financial institutions with high credit ratings and, by policy, limits the amount of credit exposure to any one financial institution.

Concentrations of credit risk with respect to accounts receivable is limited due to the large number of customers comprising the Company's customer base, and their dispersion across different geographies. The Company performs

ongoing credit evaluations of its customers and generally does not require collateral. The Company maintains allowances for doubtful accounts for specifically identified estimated losses resulting from the inability of its customers to make required payments. If the financial condition of its customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

#### I n v e n t o r i e s

The Company values its inventories at the lower of market or actual cost, determined on a first-in, first-out ("FIFO") basis. The Company generally relies upon recent historic usage or expected future demand in estimating the realizable value of its inventory. Finished goods and components that are determined to be obsolete are written-off when such determination is made. In certain cases, for newly introduced products and overstocked products, expected future demand is considered in establishing inventory write-downs. Raw material and work-in-process inventories are also reviewed for obsolescence and alternative or future use based on evaluating manufacturing plans, expected future demand and market conditions. In situations where it is determined that work-in-process inventories cannot be converted into finished goods, the inventories are written down to net realizable value. Should it be determined that current levels of write-downs are insufficient, the Company would record additional inventory write-downs, which would have a negative impact on gross profit. Once written down, inventory valuation provisions are not subsequently reversed.

#### P r o p e r t y , P l a n t a n d E q u i p m e n t

Property, plant and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expense whereas the costs of significant improvements which extend the life of the underlying asset are capitalized. Assets are generally depreciated using the straight-line method. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are eliminated and the related gains or losses are reflected in net income.

The Company capitalizes internal use software development costs. These costs are included in Production and Other Equipment and are amortized on a straight-line basis over the estimated useful lives of the related software, generally three years.

The estimated useful lives of our depreciable assets are as follows:

Leasehold Improvements	The shorter of the life of the improvement or the term of the lease
Buildings and Improvements	4 to 40 years
Production and Other Equipment	2 to 15 years

The Company continuously reviews and evaluates the expected useful lives of its assets to determine if impairment has occurred or the useful lives should be adjusted.

#### G o o d w i l l

Goodwill is the excess of the acquisition purchase price over the fair value of identifiable tangible and intangible assets acquired. The Company's goodwill is related to its purchase of CPG, Inc. ("CPG") during 2002. Goodwill is not amortized in accordance with SFAS No. 142, *"Goodwill and Other Intangible Assets."* Goodwill is required to be tested for impairment at least annually using a two-step process. The first step is to identify a potential impairment and the second step measures the amount of the impairment loss. The Company completed the annual impairment tests in 2004, 2003 and 2002 and concluded that there was no impairment.

#### I n t a n g i b l e A s s e t s

Intangible assets were primarily acquired through the acquisition of the Amicon Separation Science Business in 1996. The intangible assets consist primarily of patented and unpatented technology, trade names and licenses. The assets were recorded at fair value and are amortized on a straight-line basis over periods ranging from 5 to 20 years. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable in accordance with SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets."*

## Financial Instruments

The Company strives to mitigate the impact of foreign currency risk related to intercompany transactions by hedging forecasted balances using forward contracts that normally mature within 30 to 90 days. The intent is to offset gains and losses that occur on the underlying exposures with gains and losses on the forward contracts hedging these exposures. The Company held forward foreign exchange contracts with U.S. dollar equivalent notional amounts totaling \$93,708 and \$99,226 at December 31, 2004 and 2003, respectively. The fair value of these contracts was a gain of \$772 at December 31, 2004 and a loss of (\$565) at December 31, 2003. Both realized and unrealized gains (losses) are recorded in the consolidated statements of income. The Company does not enter into foreign exchange contracts for trading or speculative purposes, nor does it use leveraged financial instruments.

## Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." The asset and liability approach under SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of the Company's assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates for the years in which those temporary differences are expected to be recovered or settled. With respect to the unremitted earnings of the Company's foreign subsidiaries, deferred taxes are provided only on amounts expected to be repatriated. The Company records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized.

## Treasury Stock

Treasury stock was recorded at its cost on the date acquired and was reissued at its weighted average cost. The excess of cost over the proceeds of reissued treasury stock was charged to retained earnings.

On July 1, 2004, the Massachusetts Business Corporation Act ("MBCA") became effective and eliminated treasury shares. Under the MBCA, shares repurchased by Massachusetts corporations constitute authorized but unissued shares. As a result, all of our former treasury shares were automatically converted to unissued shares and have been accounted for as a reduction of common stock (at par value), additional paid-in capital and retained earnings as of December 31, 2004. Par value, additional paid-in capital and retained earnings have been reduced by \$7,421, \$98,513 and \$111,099, respectively.

## Net Income per Share

Basic net income per share is calculated by dividing the net income for the period by the weighted average number of shares outstanding for the period. Diluted net income per share is calculated by considering the dilutive impact of potential common stock (outstanding stock options and restricted stock) under the treasury stock method as if they were converted into common stock as of the beginning of the period or as of the date of grant, if later.

## Revenue Recognition

Revenue from the sale of products is recognized when evidence of an arrangement is in place, related prices are fixed or determinable, delivery has occurred (contractual obligations have been satisfied and title and risk of loss have been transferred to the customer) and, collection of the resulting receivable is reasonably assured. When significant obligations remain after products are delivered, such as site acceptance testing for systems, revenue and related costs are deferred until such obligations are fulfilled.

Revenue for certain fixed price contracts associated with the Company's process equipment business is recognized under the percentage of completion method. Revenue is recognized based on the ratio of hours expended compared with the total estimated hours to complete the construction of the process equipment. The cumulative impact of any revisions in estimates of the percentage of completion is reflected in the period in which the changes become known. Losses are accrued when known.

Revenue from service arrangements is recognized when the services are provided.

## Shipping and Handling Costs

The Company reports fees and costs billed to the customers for shipping and handling as part of net sales and the related costs as cost of sales.

## Stock-based Compensation

The Company has a stock-based employee compensation plan and a non-employee director stock option plan from which it currently grants stock options. As permitted under SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), the Company applies the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB Opinion No. 25"), and related interpretations in accounting for these plans. No stock-based employee compensation expense has been recorded in connection with the issuance of employee and director stock options as all options granted under these plans were fixed awards and had an exercise price equal to the market value of the Company's common stock at the time of grant. Stock-based employee compensation expense in relation to the separation agreement for the Company's former CEO and President and the vesting of restricted stock, granted at no cost to the employees, is reflected in net income.

SFAS No. 123, as amended by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure, an Amendment of FASB Statement No. 123," requires the presentation of certain pro forma information as if the Company had accounted for its stock-based employee compensation under the fair value method. For purpose of this disclosure, the fair value of the fixed option grants was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions for option grants:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Risk-free interest rate	3.4%	2.9%	4.2%
Volatility factor	35.0%	40.0%	40.0%
Weighted average expected life (in years)	5	5	5
Dividend rate	0.0%	0.0%	0.0%

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, the model requires the use of highly subjective assumptions, including the expected stock price volatility and average expected life of the options. Although the Company's employee stock options have characteristics significantly different from those of traded options, the Company believes that the Black-Scholes model provides a reasonable estimate for the fair value of these options.

The weighted average fair value of options granted under the stock option plan was \$18.37, \$12.62 and \$16.11 per option share in 2004, 2003 and 2002, respectively. The weighted average fair value of shares issued under the Employee Stock Purchase Plan ("ESPP") was \$11.60, \$10.54 and \$11.26 in 2004, 2003 and 2002, respectively. The pro forma expense amounts assume that the fair value assigned to the option grants was amortized over the vesting period of the options while the fair value assigned to grants under the ESPP is recognized in full at the date of grant. The vesting period of stock options granted prior to December 1, 2004 was four years.

On December 1, 2004, the Company accelerated the vesting of 1,994 stock options granted to employees and directors that had an option price equal to or greater than the fair market value of the Company's common stock ("out-of-the-money") as of the close of the previous day, or \$48.72. Also on December 1, 2004, the Company granted stock options to employees, of which 50% vested immediately and the remainder will vest over a four-year term. These actions caused a relative increase in pro forma compensation expense under SFAS No. 123 but had no impact on the Company's reported net income for the year ended December 31, 2004. Upon adoption of SFAS No. 123 (revised 2004), "Share-based Payment," in the third fiscal quarter of 2005, the Company will not have any stock-based compensation expense from these accelerated options or the portion of the December 1, 2004 grant that was vested immediately. Management accelerated the vesting of out-of-the-money options because it will improve future operating results by eliminating future compensation expense associated with these stock options that had no current intrinsic value. Management also believes that its actions provide benefit to the employees and help employee retention.

The table below illustrates the effect on net income and net income per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation for 2004, 2003 and 2002.

	Year ended December 31,		
	2004	2003	2002
Net income, as reported	\$105,556	\$100,796	\$ 83,701
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	1,563	639	1,331
Deduct: Pro Forma stock-based employee compensation expense determined under fair value based method, net of related tax effects (excluding acceleration of out-of-the-money options)	(27,429)	(19,074)	(15,861)
Deduct: Pro Forma stock-based employee compensation expense determined under fair value based method for the acceleration of out-of-the-money options, net of related tax effects	(16,671)	—	—
Pro forma net income	<u>\$ 63,019</u>	<u>\$ 82,361</u>	<u>\$ 69,171</u>
Net income per share:			
Basic, as reported	<u>\$ 2.13</u>	<u>\$ 2.08</u>	<u>\$ 1.74</u>
Basic, pro forma	<u>\$ 1.27</u>	<u>\$ 1.70</u>	<u>\$ 1.44</u>
Diluted, as reported	<u>\$ 2.10</u>	<u>\$ 2.06</u>	<u>\$ 1.73</u>
Diluted, pro forma	<u>\$ 1.25</u>	<u>\$ 1.68</u>	<u>\$ 1.43</u>

#### Warranty Costs

The Company provides for estimated warranty costs at the time of the product sale. Warranty liabilities are based on estimated future repair costs using historical statistical models and were not material as of December 31, 2004 and 2003.

#### Research and Development

Research and development costs are expensed as incurred.

#### Recent Accounting Pronouncements

In January 2004, the Financial Accounting Standards Board (the "FASB") issued FASB Staff Position ("FSP") No. 106-1 and, in May 2004, issued FSP No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." The Medicare Prescription Drug, Improvement and Modernization Act (the "Act") introduces a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree healthcare benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. FSP No. 106-1 is effective for interim or annual financial statements of fiscal years ending after December 7, 2003 and FSP No. 106-2, which superseded FSP No. 106-1, is effective for interim or annual financial statements of fiscal years ending after June 15, 2004. As permitted under FSP No. 106-2, the Company has elected to defer the accounting for the Act until authoritative guidance is issued on the determination of actuarial equivalence for purposes of receiving the federal subsidy. On January 21, 2005, the Center for Medicare and Medicaid Services released the final regulations implementing the Act. The Company expects a reduction to its accumulated postretirement benefit obligation under the Company's postretirement medical plan but is still in the process of quantifying the effect of the Act. The reduction in the accumulated postretirement benefit obligation is expected to be recorded as an actuarial gain in the first fiscal quarter of 2005.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4". SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight and handling costs, and wasted material (spoilage). SFAS No. 151 requires that those items be recognized as current period charges. In addition, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No. 151 will be effective for fiscal years beginning after June 15, 2005. The adoption of SFAS No. 151 is not expected to have a significant impact on the Company's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"), which replaces SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based

on their fair values. The pro forma footnote disclosure alternative is no longer allowable under SFAS No. 123R. The revised standard is effective for public entities in the first interim or annual reporting period beginning after June 15, 2005 and therefore, will be effective for the Company beginning with the third quarter of fiscal 2005. The Company is evaluating the new standard and its equity compensation plans and has not yet determined whether there will be any changes to these plans as a result of the implementation of the revised standard. Therefore, the Company is in the process of assessing the impact of expensing stock options on its consolidated financial statements.

The American Jobs Creation Act of 2004 (the "AJCA") contains a number of provisions which will affect the Company in the future. One provision of the AJCA establishes a special deduction for "Qualified Domestic Production Activities" for U.S. manufacturers. The special deduction starts at 3% of "Qualified Production Income" as defined in the Act ("QPI") in 2005 and will be 9% of QPI when fully phased in after 2009. In December 2004, the FASB issued FSP No. 109-1, "Application of FASB Statement No. 109, 'Accounting for Income Taxes,' to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004". FSP No. 109-1 requires that qualified production activities deductions should be accounted for as a special deduction in accordance with SFAS No. 109 and that the related impact of this deduction should be reported in the period in which the deduction is claimed on the Company's tax returns. The Company is studying this provision and related IRS guidance to determine its impact on the Company's consolidated financial statements.

A second provision of the AJCA provides a temporary incentive for a U.S. company to repatriate funds deemed to be permanently reinvested outside the U.S., at a reduced effective tax rate of approximately 5.25%. In December 2004, the FASB issued FSP No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004," to address the appropriate point at which a company should reflect in its financial statements the effects of the one-time tax benefit on the repatriation of foreign earnings. The FASB provided companies with additional time beyond the financial reporting period to evaluate the effect of the AJCA on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. While the Company has no current plans to repatriate earnings under the AJCA, the Company is studying the AJCA and recent IRS guidance to determine whether it would be beneficial for the Company to make use of the temporary incentive in 2005. If the Company decides to repatriate under the provisions of the AJCA, a tax provision for the related taxes will be recorded in the fiscal quarter in which the repatriation plan is approved.

### **3. D i s c o n t i n u e d O p e r a t i o n s**

On October 3, 2000, the Company announced its plans, subject to certain conditions, to separate into two distinct companies by making its Microelectronics business segment an independent, publicly traded company. In accordance with these plans, the Microelectronics business segment was separated into a wholly owned Millipore subsidiary named Mykrolis Corporation ("Mykrolis") on March 31, 2001 (the "Separation Date"). These consolidated financial statements and notes reflect the Company's Microelectronics business as a discontinued operation in accordance with Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions."

On August 9, 2001, Mykrolis completed an initial public offering (the "Mykrolis IPO") of 7,000 of its common shares at a price of \$15.00 per share. Net proceeds from the Mykrolis IPO, after deducting the underwriting discount, commissions and other direct costs, were approximately \$94,076. Of that amount, Mykrolis paid \$19,100 to the Company as a repayment of amounts outstanding under the separation agreements between the two companies. Prior to the Mykrolis IPO, the Company's ownership in Mykrolis' outstanding common shares was 100%, and at December 31, 2001 the Company's ownership in Mykrolis' outstanding common shares was approximately 82%.

On February 27, 2002 (the "Distribution Date"), the Company distributed its remaining ownership interest in Mykrolis common stock as a dividend to its shareholders of record as of February 13, 2002. At that date, the net assets of discontinued operations less minority interest were recorded as a \$253,573 reduction to shareholders' equity. In addition, the estimated loss accrual was reduced by \$2,900 to reflect the actual net loss of Mykrolis through the Distribution Date.

The summary of operating results from discontinued operations for the period from January 1, 2002 through February 27, 2002 is as follows:

	<u>Period ended February 27, 2002</u>
Net sales	<u>\$20,615</u>
Gross profit	<u>\$ 5,879</u>
Income from discontinued operations, before income taxes	<u>\$ 3,383</u>
Benefit from income taxes	<u>(483)</u>
Income on disposal of discontinued operations, net of taxes	<u>\$ 2,900</u>

There were no assets or liabilities related to discontinued operations at December 31, 2004 or 2003.

As part of the separation of Mykrolis from Millipore, the two companies entered into a number of agreements covering a range of issues relating to the separation, including tax sharing, transitional services, intellectual property rights, product manufacturing and supply, research and development services and employee matters.

#### **4 . R e s t r u c t u r i n g   a n d   O t h e r**

In 2003, the Company completed its 2001 restructuring program. Upon completion of this restructuring program and final cash disbursements in the second quarter of 2003, the Company reversed \$354 for previously estimated lease and severance payments, as these amounts were no longer required, and recorded \$250 of assets that had been originally written-off. In addition to completing the 2001 restructuring program during 2003, the Company received proceeds of \$1,250 and realized a gain of \$796 in connection with the sale of real estate.

On July 21, 1999, Amersham Pharmacia Biotech AB ("APB") of Sweden filed a complaint in the High Court of Justice in the United Kingdom against the Company and two of its subsidiaries alleging that the sale of the Company's ISOPAK chromatography valve infringed one or more of the claims contained in certain APB patents. APB sought an injunction against the alleged infringement as well as damages. On October 26, 2000, the High Court ruled that the chromatography valve as then sold by the Company did not infringe the APB patents. APB appealed this decision and, on July 5, 2001, the British Appeals Court affirmed the decision of the High Court. On February 13, 2002, the House of Lords rejected APB's request for leave to appeal the decision of the Appeals Court. The High Court also ruled that a discontinued product did infringe one of the APB patents. The parties settled this matter on December 30, 2002. Under the settlement, the Company paid APB \$1,124 in respect of damages for the infringement by the discontinued product and license fees, which was recorded in Restructuring and Other in the consolidated statement of income.

#### **5 . A c q u i s i t i o n**

On July 31, 2002, the Company acquired substantially all of the net assets of CPG for \$11,676 in cash. The transaction was accounted for under the provisions of SFAS No. 141, "Business Combinations." CPG had been a supplier of the Company for several years, providing the base material for some of its chromatography media products. The acquisition included CPG's intellectual property and physical assets. The purchase price was allocated to net tangible assets of \$1,323 and identifiable intangible assets of \$920, based on estimated fair market values of those assets, with the remaining \$9,433 allocated to goodwill. This acquisition was assigned to the BioPharmaceutical reporting unit. The results of operations of CPG, prior to the date of the Company's acquisition, would have had an immaterial impact on the Company's reported results.

## 6. Basic and Diluted Net Income per Share

The following table sets forth the computation of basic and diluted net income per share for 2004, 2003 and 2002:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Numerator:			
Income from continuing operations, net of taxes	\$105,556	\$100,796	\$80,801
Income on disposal of discontinued operations, net of taxes	—	—	2,900
Net income	<u>\$105,556</u>	<u>\$100,796</u>	<u>\$83,701</u>
Denominator:			
Weighted average common shares outstanding for basic EPS	49,469	48,574	48,170
Dilutive effect of stock options	703	448	276
Dilutive effect of restricted stock	29	24	2
Weighted average common shares outstanding for diluted EPS	<u>50,201</u>	<u>49,046</u>	<u>48,448</u>
Basic income per share:			
Continuing operations	\$ 2.13	\$ 2.08	\$ 1.68
Discontinued operations	—	—	0.06
Net income	<u>\$ 2.13</u>	<u>\$ 2.08</u>	<u>\$ 1.74</u>
Diluted income per share:			
Continuing operations	\$ 2.10	\$ 2.06	\$ 1.67
Discontinued operations	—	—	0.06
Net income	<u>\$ 2.10</u>	<u>\$ 2.06</u>	<u>\$ 1.73</u>

For the years ended December 31, 2004, 2003 and 2002, outstanding stock options for 2,899, 2,769 and 3,081 shares, respectively, with purchase prices in excess of the average fair value of the Company's common stock for the period, were excluded from the calculation of diluted net income per share because their inclusion would have been antidilutive. Antidilutive options could become dilutive in the future.

## 7. Inventories

Inventories, stated at the lower of first-in, first-out (FIFO) cost or market, consisted of the following:

	December 31,	
	<u>2004</u>	<u>2003</u>
Raw materials	\$ 29,880	\$ 36,460
Work in process	46,351	40,034
Finished goods	67,483	61,263
Total inventories	<u>\$143,714</u>	<u>\$137,757</u>

## 8. Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	December 31,	
	<u>2004</u>	<u>2003</u>
Land	\$ 10,475	\$ 8,785
Leasehold improvements	12,455	13,078
Buildings and improvements	232,245	196,449
Production and other equipment	286,006	254,819
Construction in progress	67,072	66,670
	<u>608,253</u>	<u>539,801</u>
Less: accumulated depreciation	(257,249)	(222,911)
Property, plant and equipment, net	<u>\$ 351,004</u>	<u>\$ 316,890</u>

Depreciation expense for the years ended December 31, 2004, 2003 and 2002 was \$41,222, \$36,256 and \$30,334, respectively.

The Company has invested a total of \$10,464 related to a planned \$38,400 project (at the December 31, 2004 actual rate of exchange) to expand manufacturing capacity in a facility adjacent to its existing manufacturing facility in

Ireland. This facility is currently a multipurpose building shell that is expected to increase manufacturing capacity for one of the Company's core consumable product lines. The Company has delayed the completion of this facility as existing manufacturing capacity related to this product line supplemented with the Company's stockpiling program can meet the expected demand through 2010. The Company currently expects to resume construction of this facility in 2007 as there is a three year lead time before the project can be completed and consumable output validated for use in the Company's products. If necessary, this facility could also be used for the manufacturing of alternative products.

## 9. Intangible Assets

Intangible assets, net, consisted of the following:

December 31, 2004	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Estimated Useful Life
Patented and unpatented technology	\$19,329	\$(13,118)	\$ 6,211	5 – 20 years
Trade names	19,206	(7,568)	11,638	10 – 20 years
Licenses and other	4,995	(3,260)	1,735	5 – 10 years
Total	<u>\$43,530</u>	<u>\$(23,946)</u>	<u>\$19,584</u>	
December 31, 2003	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Estimated Useful Life
Patented and unpatented technology	\$22,399	\$(12,325)	\$10,074	4 – 20 years
Trade names	18,995	(6,339)	12,656	8 – 20 years
Licenses and other	5,539	(2,921)	2,618	5 – 10 years
Total	<u>\$46,933</u>	<u>\$(21,585)</u>	<u>\$25,348</u>	

Amortization expense for the years ended December 31, 2004, 2003 and 2002 was \$3,256, \$3,379 and \$3,700, respectively.

The estimated aggregate amortization expense for intangible assets owned as of December 31, 2004 for each of the five succeeding years is as follows:

2005	\$ 2,844
2006	2,730
2007	1,829
2008	1,604
2009	1,467
Thereafter	9,110
Total	<u>\$19,584</u>

In 2004, the Company discontinued a research and development project and, accordingly, recognized an impairment charge of \$2,815 representing the net book value of the related intangible asset. The charge is included in Selling, General and Administrative Expenses in the consolidated statement of income.

## 10. Accrued Expenses

Accrued expenses consisted of the following:

	December 31,	
	2004	2003
Deferred revenue	\$10,235	\$10,517
Accrued compensation	42,110	37,071
Other accrued expenses	30,068	20,604
Retirement plans	5,994	5,779
Total accrued expenses	<u>\$88,407</u>	<u>\$73,971</u>

## 11. Notes Payable and Long-Term Debt

The Company has a five year unsecured revolving credit agreement expiring in 2006 that allows for revolving loan borrowings of up to \$250,000. Interest rates on individual borrowings under the credit agreement are made on terms not to exceed twelve months. Because of the Company's ability and intent to continuously refinance such borrowings under the credit agreement, \$47,000 and \$116,000 of short-term borrowings outstanding at December 31, 2004 and 2003, respectively, have been classified as long-term debt.

Interest is payable on outstanding borrowings at a floating rate defined in the credit agreement as Eurocurrency rate plus a margin. The credit agreement also calls for a facility fee at a rate ranging from 0.25% to 0.625% of the available facility. The exact amount of the margin and the facility fee is dependent on the Company's debt rating. The Company is compliant with the financial covenants specified in the credit agreement. These financial covenants relate to leverage and interest coverage ratios.

On March 4, 2004, the Company repaid the \$75,000, 7.23% note upon maturity.

Short-term borrowings and related lines of credit are summarized as follows:

	December 31,	
	2004	2003
7.23% note payable due in 2004	\$ —	\$ 75,000
Outstanding letters of credit	\$ 2,979	\$ 1,589
Unused lines of credit	\$200,021	\$132,411
Average amount outstanding at month-end during the year	\$ 92,971	\$150,571
Maximum amount outstanding at month-end during the year	\$113,000	\$166,000
Weighted average interest rate on outstanding borrowings during the year	2.4%	2.3%
Weighted average interest rate on outstanding borrowings at year-end	3.1%	2.1%

Long-term debt consisted of the following:

	December 31,	
	2004	2003
Credit agreement due in 2006	\$ 47,000	\$116,000
7.5% unsecured note due in 2007	100,000	100,000
Total long-term debt	<u>\$147,000</u>	<u>\$216,000</u>
Weighted average interest rate on outstanding borrowings	4.8%	5.0%

Interest on the 7.5% unsecured note is payable semi-annually in April and October. At December 31, 2004, this note had a fair market value of \$107,550.

The Company capitalized interest costs associated with the construction of certain capital assets in the amount of \$2,782, \$2,219 and \$1,793 in 2004, 2003 and 2002, respectively. Interest paid during 2004, 2003 and 2002 amounted to \$11,731, \$16,630 and \$21,020, respectively.

## 12. Income Taxes

The Company's provisions for income taxes attributable to income from continuing operations are summarized as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Domestic and foreign income before income taxes:			
Domestic	\$ 49,829	\$ 48,325	\$ 31,142
Foreign	80,650	63,849	72,450
Income before income taxes	<u>\$130,479</u>	<u>\$112,174</u>	<u>\$103,592</u>
Domestic and foreign provision for (benefit from) income taxes:			
Domestic	\$ 5,676	\$ (3,715)	\$ 2,087
Foreign	16,218	14,939	20,455
State	3,029	154	249
	<u>\$ 24,923</u>	<u>\$ 11,378</u>	<u>\$ 22,791</u>
Current and deferred provision for (benefit from) income taxes:			
Current	\$ 23,726	\$ 31,959	\$ 25,375
Deferred	1,197	(20,581)	(2,584)
	<u>\$ 24,923</u>	<u>\$ 11,378</u>	<u>\$ 22,791</u>

A summary of the differences between the Company's worldwide effective tax rate for continuing operations and the United States statutory federal income tax rate is as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
U.S. statutory income tax rate	35.0%	35.0%	35.0%
Puerto Rico tax rate benefit	(3.4)	(4.4)	(4.6)
Ireland tax rate benefit	(10.9)	(7.5)	(6.5)
State income tax, net of federal income tax benefit	1.5	0.1	0.1
Export sales benefit	(1.6)	(2.2)	(2.0)
Change in valuation allowance	—	(19.6)	—
(Decrease) increase in tax reserves	(1.6)	8.9	—
Other	0.1	(0.2)	—
Effective tax rate	<u>19.1%</u>	<u>10.1%</u>	<u>22.0%</u>

Tax exemptions relating to Puerto Rico and Ireland operations are effective through 2016 and 2010, respectively.

Income taxes paid (net of refunds) during 2004, 2003 and 2002 were \$21,766, \$20,021 and \$22,910, respectively.

The Company has not recorded deferred income taxes applicable to undistributed earnings of foreign subsidiaries that are indefinitely reinvested in foreign operations. These earnings amounted to \$356,502 at December 31, 2004. If earnings of such foreign subsidiaries were not indefinitely reinvested, a deferred tax liability of \$99,028 would have been required at December 31, 2004.

At December 31, 2004, the Company has net operating loss carryforwards of approximately \$2,875 that will expire in 2009 and \$39,161 that can be carried forward indefinitely and federal research credit carryforwards of approximately \$9,256 that expire in the years 2005 through 2024. In addition, the Company has alternative minimum tax credit carryforwards of approximately \$20,714, which can be carried forward indefinitely. During 2004, \$1,520 of federal research credit carryforwards, for which a full valuation allowance had been provided, expired. At December 31, 2004, the Company also had \$23,556 of state research credit and net operating loss carryforwards and deferred tax assets, all of which are fully reserved with a valuation allowance.

Significant components of the Company's net deferred tax assets and liabilities are as follows:

	2004	2003
<b>Deferred tax assets:</b>		
Intercompany and inventory related transactions	\$ 60,490	\$ 18,146
Retirement plans and postretirement benefits	13,261	9,114
Tax credits (including unremitted earnings of foreign subsidiaries)	40,257	80,468
Net operating loss carryforwards	6,668	4,154
Capitalized research and development costs	23,450	23,520
Amortization of intangible assets	6,864	7,612
Deferred state tax assets	23,556	23,346
Accruals	7,032	5,125
Other	4,798	13,189
Gross deferred tax assets	186,376	184,674
Valuation allowance	(27,838)	(29,148)
Total deferred tax assets	158,538	155,526
<b>Deferred tax liabilities:</b>		
Prepaid royalties	10,849	118
Foreign exchange	14,110	8,062
Depreciation and disposal of fixed assets	2,168	7,701
Other	2,064	4,569
Total deferred tax liabilities	29,191	20,450
Net deferred tax assets	<u>\$129,347</u>	<u>\$135,076</u>

The valuation allowance is provided primarily to reserve against the expiration of federal research credit carryforwards which can be utilized against future taxable income in the U.S. and state research credit and net operating loss carryforwards and deferred tax assets. Although realization is not assured, the Company believes it is more likely than not that the remainder of the deferred tax asset, net of the valuation allowance, will be realized. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced.

During the fourth quarter of 2003, the Company capitalized certain historical research and development costs for tax returns on a retroactive basis, thereby creating taxable income that allowed the utilization of net operating losses. Because of this capitalization and other tax planning strategies relating to the use of foreign tax credits, \$21,971 of the valuation allowance related to the foreign tax credits was released. Also in the fourth quarter of 2003, the Company estimated and recorded additional tax reserves of \$10,000 related to exposures previously mitigated by the reserved foreign tax credits. The net impact of these activities resulted in an \$11,971 tax benefit in the fourth quarter of 2003.

### 13. Leases

The Company leases certain office, manufacturing and storage facilities in various countries. These operating lease agreements have expiration dates through 2023. Certain building leases contain renewal options for periods ranging from one to ten years and purchase options at fair market value. Some of the leases have provisions for additional rental payments representing property taxes and landlord operating costs. At December 31, 2004, future minimum rental payments under non-cancellable operating leases with initial terms exceeding one year and the amounts due from tenants on related subleases were as follows:

2005	\$ 9,448
2006	7,674
2007	5,115
2008	4,594
2009	3,655
2010–2023	15,428
Total minimum future rental payments	45,914
Less: amounts due from subleases	(3,953)
Total minimum future rental payments less sublease income	<u>\$41,961</u>

Rental expense under these lease arrangements was \$12,154, \$12,027 and \$8,123 in 2004, 2003 and 2002, respectively.

## 14. Stock Plans

### Stock Incentive Plan

The "1999 Stock Incentive Plan" (the "1999 Plan") provides for the issuance of stock options and restricted stock to key employees as incentive compensation. The 1999 Plan allows for the issuance of a total of 10,022 shares of common stock of which a maximum of 250 shares can be issued as restricted stock. The exercise price of the stock options may not be less than the fair market value of the stock at the time of grant. The stock options generally vest over a four-year period and must expire no later than ten years from the date of grant. At December 31, 2004, 2003 and 2002, 6,904, 5,696 and 4,508 options, respectively, were outstanding.

The restricted stock, which has been awarded to key members of senior management at no cost to them, cannot be sold, assigned, transferred or pledged during the restriction period. The restriction period is normally four years but in some cases may be less and may be accelerated based on exceeding annual performance targets. In most instances, shares are subject to forfeiture should employment terminate during the restriction period. The restricted stock is recorded at its fair market value on the award date; the related deferred compensation is amortized to Selling, General and Administrative Expenses over the restriction period. At December 31, 2004, 2003 and 2002, a total of 29, 40 and 40 shares, respectively, were outstanding as restricted shares.

### Non-Employee Director Stock Option Plan

The "1999 Stock Option Plan for Non-Employee Directors" (the "Directors Plan") allows for the issuance of 250 shares of common stock. During 2003, the Directors Plan was amended to award each newly elected eligible director stock options to purchase 5 shares of common stock on the date of his or her first election. Following the initial grant, each director shall automatically be awarded options to purchase 2.5 shares of common stock for each subsequent year of service as a director. The exercise price of the stock options may not be less than the fair market value of the stock at the time of grant. The stock options generally vest over a four-year period and must expire no later than ten years from the date of grant. At December 31, 2004, 2003 and 2002, a total of 151, 134 and 127 options, respectively, were outstanding.

### Employees' Stock Purchase Plan

The Company's Employees' Stock Purchase Plan (the "ESPP") allows for the issuance of up to 1,300 shares of common stock. The ESPP allows eligible employees to purchase the stock at 85% of the lesser of the fair market value of the common stock on June 1, the beginning of the plan year, or the closing price at the end of every three months. Each employee may purchase up to 10% (up to a maximum of \$25) of eligible compensation.

In 2004, 2003 and 2002, shares issued under the ESPP were 86, 88 and 84, respectively. As of December 31, 2004, 836 shares of Millipore common stock were available for sale to employees under the ESPP. The Company discontinued the ESPP as of the end of February 2005.

### Mykrolis Spin-off

On February 27, 2002, the Distribution Date, the Company distributed all of its remaining interest in Mykrolis through a stock dividend to Millipore stockholders of record on February 13, 2002. This distribution was made in the amount of 0.6768132 share of Mykrolis common stock for each outstanding share of Millipore common stock. The decrease in the intrinsic value of Millipore's stock plans attributed to the distribution of Mykrolis was restored in accordance with the methodology set forth in the FASB Interpretation No. 44 "Accounting for Certain Transactions Involving Stock Compensation". Accordingly, the number of Millipore employee options outstanding on the Distribution Date was increased and the exercise prices were correspondingly decreased to maintain the intrinsic value of the options on the Distribution Date. At the Distribution Date, Mykrolis employees held 536 unvested Millipore stock options, which were subsequently canceled.

## Stock Option Plans

A summary of stock option activity, with respect to all plans, is as follows:

	2004			2003			2002		
	Shares	Option Price	Weighted Average Exercise Price	Shares	Option Price	Weighted Average Exercise Price	Shares	Option Price	Weighted Average Exercise Price
Outstanding at January 1	5,830	\$16.69-\$65.49	\$39.86	4,635	\$12.21-\$65.49	\$41.99	5,843	\$12.21-\$65.49	\$40.56
Granted	2,189	\$45.51-\$54.99	\$51.27	1,800	\$31.74-\$47.72	\$32.00	118	\$31.59-\$50.91	\$38.77
Exercised	(852)	\$42.76-\$56.47	\$51.82	(382)	\$32.20-\$48.76	\$43.34	(494)	\$15.25-\$40.73	\$30.44
Canceled	(112)	\$20.95-\$53.90	\$42.96	(223)	\$15.42-\$53.90	\$42.55	(832)	\$15.25-\$61.84	\$37.93
Outstanding at December 31	<u>7,055</u>	\$16.69-\$65.49	\$44.08	<u>5,830</u>	\$16.69-\$65.49	\$39.86	<u>4,635</u>	\$12.21-\$65.49	\$41.99
Exercisable at December 31	<u>5,044</u>		\$46.55	<u>2,840</u>		\$39.98	<u>2,446</u>		\$36.36

The following table summarizes information about stock options at December 31, 2004:

Range of Exercise Price	Options Outstanding			Options Exercisable	
	Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Exercisable	Weighted Average Exercise Price
\$16.69-\$31.94	1,965	7	\$31.23	738	\$30.06
\$32.55-\$48.05	1,201	5	\$39.19	1,028	\$39.18
\$48.72-\$50.91	954	10	\$48.75	458	\$48.77
\$51.99-\$52.22	1,206	9	\$51.99	1,140	\$51.99
\$53.90-\$65.49	<u>1,729</u>	7	\$54.00	<u>1,680</u>	\$54.00
\$16.69-\$65.49	<u>7,055</u>	8	\$44.08	<u>5,044</u>	\$46.55

## Non-Employee Director Deferred Compensation Agreements

Through 2002, deferred compensation agreements for non-employee directors allowed for these directors to defer their directors' fees by converting them to deferred compensation phantom stock units based on 100% of the fair market value of Millipore common stock on periodic conversion dates. Upon retirement or earlier termination of service from the Board of Directors, the cash equivalent of the phantom stock units is distributed in annual installments over ten years. The Company records a compensation adjustment related to the change in the fair market value of stock at the grant date as compared to the current fair market value of the stock. In 2003, such conversion to phantom stock units was discontinued, and deferred compensation agreements between the Company and non-employee directors thereafter allowed for a cash deferral of directors' fees. In connection with these deferred compensation arrangements, the Company recorded compensation expense of \$470 in 2004 and \$682 in 2003 and recognized income of \$745 in 2002. The income in 2002 was a result of the decline in the stock market.

## 15. Employee Retirement Plans

### U.S. Employee Retirement Plans

The Millipore Corporation Employees' Participation and Savings Plan (the "Participation and Savings Plan"), maintained for the benefit of all U.S. employees, combines both a defined contribution plan (the "Participation Plan") and an employee savings plan ("Savings Plan"). The Company's contributions to the Participation Plan are allocated among U.S. employees who have completed at least two years of continuous service on the basis of the compensation they received during the year for which the contribution is made. The Savings Plan allows employees to make certain tax-deferred voluntary contributions upon hire date, which the Company matches after one year of service with a 25% contribution (50% contribution for employees with ten or more years of service). Total expense under the Participation and Savings Plan was \$7,522, \$7,826 and \$7,030 in 2004, 2003 and 2002, respectively.

The Company offers a Supplemental Savings and Retirement Plan for Key Salaried Employees (the "Supplemental Plan") to certain senior executives that allows certain salary deferral benefits that would otherwise be lost by reason of restrictions imposed by the Internal Revenue Code limiting the amount of compensation which may be deferred under tax-qualified plans. The Company recognizes expenses related to its obligations to pay certain supplemental benefits

attributed to the employee's deferred salary. During periods when the return on amounts deferred is a loss, the Company's obligations decrease and the Company recognizes income. Total expense under the Supplemental Plan was \$591 and \$870 in 2004 and 2003, respectively. In 2002, the Company recognized income of \$382 as a result of the decline in the stock market.

The Millipore Corporation 2000 Deferred Compensation Plan for Senior Management (the "Deferred Compensation Plan") provides that certain members of senior management may elect to defer a portion of their salary and bonus payments until retirement, termination of employment or the passage of a period of time (not less than three years). The amounts deferred are invested in certain publicly traded mutual funds. Plan participants are fully vested in their respective account balances at all times. The Company recognizes compensation expense related to its obligations to pay the employee's deferred compensation in the year such compensation is earned. In subsequent periods, the Company recognizes increases or decreases to compensation expense based on the performance of the investments used to fund the Deferred Compensation Plan. Total increase/(decrease) in the market value of the underlying investments recognized as expense/(income) under the Deferred Compensation Plan was \$119, \$197 and (\$99) in 2004, 2003 and 2002, respectively.

The Company's Retirement Plan for Employees of Millipore Corporation is a defined benefit pension plan for all eligible U.S. employees. The U.S. pension plan provides benefits to the extent that assets of the Participation Plan, described above, do not provide guaranteed retirement income levels. Guaranteed retirement income levels are determined based on years of service and salary level as integrated with Social Security benefits. Employees are eligible under the U.S. pension plan after one year of continuous service and are vested after five years of service. For accounting purposes, the Company uses the projected unit credit cost method of actuarial valuation to determine the service cost and the projected benefit obligations. The actuarial method for funding purposes is the entry age normal cost method. The Company's funding policy is to contribute amounts annually to the U.S. pension plan to satisfy the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 ("ERISA") plus additional tax deductible amounts as may be advisable under the circumstances. Plan assets are invested primarily in mutual funds that maintain a portfolio of U.S. equity and fixed income securities.

In addition to the pension plan, the Company sponsors unfunded defined benefit postretirement benefit plans covering all U.S. employees, which are included in Other Benefits below. The plans provide medical and life insurance benefits and are, depending on the plan, either contributory or non-contributory. The accounting for the postretirement benefit plans anticipates future cost-sharing changes that are at the Company's discretion. The postretirement benefit plans include a limitation on the Company's share of costs for recent and future retirees.

The Company uses a December 31 measurement date for all of its U.S. employee pension and postretirement benefit plans.

The following tables summarize the funded status of the U.S. employee pension and postretirement benefit plans and amounts reflected in the Company's consolidated balance sheets at December 31, in accordance with SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits, an amendment of FASB Statements No. 87, 88 and 106" ("SFAS No. 132R").

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
<b>Change in benefit obligations:</b>				
Benefit obligations at beginning of year	\$ 17,198	\$ 15,850	\$ 12,860	\$ 11,214
Service (benefit) cost	(368)	(275)	470	499
Interest cost	1,037	965	629	713
Actuarial value of transfers from Participation Plan/Plan participants' contributions	2,741	1,523	227	187
Actuarial loss /(gain)	1,134	289	(2,175)	915
Benefits paid	(1,251)	(1,154)	(721)	(668)
Benefit obligations at end of year	<u>\$ 20,491</u>	<u>\$ 17,198</u>	<u>\$ 11,290</u>	<u>\$ 12,860</u>
<b>Change in plan assets:</b>				
Fair value of plan assets at beginning of year	\$ 11,054	\$ 9,271	\$ —	\$ —
Actual return on plan assets	805	1,660	—	—
Company contributions	1,005	405	494	481
Plan participant contributions	1,846	872	227	187
Benefits paid	(1,251)	(1,154)	(721)	(668)
Fair value of plan assets at end of year	<u>\$ 13,459</u>	<u>\$ 11,054</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Funded status:</b>				
Fair value of assets at end of year	\$ 13,459	\$ 11,054	\$ —	\$ —
Benefit obligation at end of year	(20,491)	(17,198)	(11,290)	(12,860)
Funded status	(7,032)	(6,144)	(11,290)	(12,860)
Unrecognized net actuarial loss /(gain)	10,894	9,449	(1,227)	943
Unrecognized prior service cost	17	25	—	—
Net amount recognized	<u>\$ 3,879</u>	<u>\$ 3,330</u>	<u>\$(12,517)</u>	<u>\$(11,917)</u>
<b>Amounts recognized in the statement of financial position consist of:</b>				
Accrued benefit cost	\$ (5,399)	\$ (3,959)	\$(12,517)	\$(11,917)
Intangible asset	17	25	—	—
Accumulated other comprehensive income	9,261	7,264	—	—
Net amount recognized	<u>\$ 3,879</u>	<u>\$ 3,330</u>	<u>\$(12,517)</u>	<u>\$(11,917)</u>
<b>Information for the U.S. pension plan with an accumulated benefit obligation in excess of plan assets:</b>				
	December 31,			
	2004	2003		
Projected benefit obligations	\$ 20,491	\$ 17,198		
Accumulated benefit obligations	\$ 18,858	\$ 15,013		
Fair value of plan assets	\$ 13,459	\$ 11,054		

The accumulated benefit obligations under all U.S. defined benefit pension plan were \$18,858 and \$15,013 at December 31, 2004 and 2003, respectively.

	Pension Benefits			Other Benefits		
	Year ended December 31,			Year ended December 31,		
	2004	2003	2002	2004	2003	2002
<b>Components of net periodic benefit cost:</b>						
Service (benefit) /cost	\$ (368)	\$ (275)	\$ (414)	\$ 470	\$ 499	\$ 523
Interest cost	1,037	965	841	629	713	745
Expected return on plan assets	(870)	(712)	(698)	—	—	—
Amortization of net transition asset	—	—	(71)	—	—	—
Amortization of prior service cost	8	8	8	—	—	—
Amortization of net loss /(gain)	649	609	441	(4)	—	—
Net periodic benefit cost	<u>\$ 456</u>	<u>\$ 595</u>	<u>\$ 107</u>	<u>\$1,095</u>	<u>\$1,212</u>	<u>\$1,268</u>

**Additional information:**

Increase /(decrease) in additional minimum pension liabilities included in other comprehensive income	\$1,997	\$(1,092)	\$8,356	N/A	N/A	N/A
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**A s s u m p t i o n s**

Weighted-average assumptions used to determine benefit obligations at December 31:

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
Discount rate	5.75%	6.00%	5.75%	6.00%
Rate of compensation increase	4.00%	4.00%	N/A	N/A

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:

	Pension Benefits			Other Benefits		
	2004	2003	2002	2004	2003	2002
Discount rate	6.00%	6.50%	7.25%	6.00%	6.50%	7.25%
Expected return on plan assets	8.00%	8.00%	8.00%	N/A	N/A	N/A
Rate of compensation increase	4.00%	4.00%	5.00%	N/A	N/A	N/A

In selecting the expected return on plan assets, the Company considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits under the Company's pension plan. This included considering the asset allocations and the expected returns likely to be earned on these assets over the life of the plan. The Company's method is consistent with the prior year.

The discount rate reflects the rate at which an amount that is invested in a portfolio of high-quality debt instruments would provide the future cash flows necessary to pay benefits when they come due.

**P l a n a s s e t s**

The weighted average asset allocations by asset category of the Company's pension plan are as follows:

	December 31,	
	2004	2003
Equity securities	59%	59%
Debt securities	40%	40%
Other	1%	1%
Total	<u>100%</u>	<u>100%</u>

The Company's investment policy includes a periodic review of the pension plan's investment in the various asset classes. The current asset allocation target is 60% equities and 40% fixed income.

### *A s s u m e d   h e a l t h c a r e   c o s t   t r e n d   r a t e s*

The following assumptions were used to determine the accumulated postretirement benefit obligations under the Company's postretirement benefit plans at December 31, 2004 and 2003, respectively.

	<u>Other Benefits</u>	
	<u>2004</u>	<u>2003</u>
Healthcare cost trend rate assumed for next year	9.00%	10.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2011	2011

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one-percentage point change in assumed healthcare cost trend rates would have the following effects:

	<u>1% Point Increase</u>	<u>1% Point Decrease</u>
Increase / (decrease) to total of service and interest cost components	\$ 62	\$ (51)
Increase / (decrease) to postretirement benefit obligations	447	(382)

### *C a s h   f l o w s*

In 2005, the Company expects to contribute \$1,513 to its U.S. defined benefit pension plan and \$582 to its U.S. postretirement benefit plans.

### *E s t i m a t e d   f u t u r e   b e n e f i t   p a y m e n t s*

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	<u>Pension Benefits</u>	<u>Other Benefits</u>
2005	\$1,250	\$ 582
2006	1,280	575
2007	1,323	559
2008	1,379	655
2009	1,453	677
2010 - 2014	9,509	4,105

## Foreign Plans

The Company sponsors defined benefit retirement plans at various foreign subsidiaries. The Company recognizes the periodic pension expense in the consolidated income statement and the associated liabilities in the consolidated balance sheet at each of these foreign subsidiaries. The following tables summarize the funded status of significant foreign employee retirement plans and amounts reflected in the Company's consolidated balance sheets in accordance with SFAS No. 132R.

	<u>December 31, 2004</u>
<b>Change in benefit obligations:</b>	
Benefit obligations at beginning of year	\$ 26,460
Service cost	1,903
Interest cost	1,136
Foreign exchange impact	2,223
Actuarial losses	1,726
Settlements	(1,939)
Benefits paid	(169)
Benefit obligations at end of year	<u>\$ 31,340</u>
<b>Change in plan assets:</b>	
Fair value of plan assets at beginning of year	\$ 12,312
Actual return on plan assets	1,263
Foreign exchange impact	1,079
Company contributions	834
Benefits paid	(169)
Fair value of plan assets at end of year	<u>\$ 15,319</u>
<b>Funded status:</b>	
Fair value of assets at end of year	\$ 15,319
Benefit obligations at end of year	(31,340)
Funded status	(16,021)
Unrecognized net actuarial loss	6,053
Net amounts recognized	<u>\$ (9,968)</u>
<b>Amounts recognized in the statement of financial position consist of:</b>	
Accrued benefit costs	\$(10,908)
Accumulated other comprehensive income	940
Net amounts recognized	<u>\$ (9,968)</u>

The accumulated benefit obligations for these foreign retirement plans were \$24,570 at December 31, 2004.

Information for certain foreign retirement plans with an accumulated benefit obligation in excess of plan assets at December 31, 2004 is as follows:

Projected benefit obligations	\$25,372
Accumulated benefit obligations	\$21,416
Fair value of plan assets	\$11,343

Components of net periodic benefit cost for the year ended December 31, 2004 is as follows:

Service cost	\$1,903
Interest cost	1,136
Expected return on plan assets	(766)
Amortization of net transition asset	72
Settlement loss	158
Amortization of net loss (gain)	153
Net periodic benefit cost	<u>\$2,656</u>

### ***A d d i t i o n a l   i n f o r m a t i o n***

The increase in additional minimum pension liabilities included in other comprehensive income was \$940 as of December 31, 2004.

### ***A s s u m p t i o n s***

Weighted-average assumptions used to determine benefit obligations at December 31, 2004 are as follows:

Discount rate	4.15%
Expected return on plan assets	6.17%
Rate of compensation increase	2.92%

Weighted-average assumptions used to determine net periodic benefit costs for the years ended December 31, 2004 are as follows:

Discount rate	4.27%
Expected long-term return on plan assets	5.92%
Rate of compensation increase	2.82%

In selecting the expected return on plan assets, the Company considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits under the Company's retirement plans. This included considering the trusts' asset allocations and the expected returns likely to be earned over the life of these plans.

The discount rate reflects the rate at which an amount that is invested in a portfolio of high-quality debt instruments would provide the future cash flows necessary to pay benefits when they come due.

### ***P l a n   A s s e t s***

The weighted average asset allocations by asset category for the Company's foreign retirement plans at December 31, 2004 are as follows:

Equity securities	63%
Debt securities	12%
Other	25%
Total	<u>100%</u>

The Company's investment policy includes a periodic review of the retirement plans' investments in the various asset classes. The current weighted average asset allocation target is 62% equities, 13% fixed income securities, and 25% other investments. Other investments include investments in money market mutual funds and general funds at certain insurance companies.

### ***C a s h   F l o w s***

The Company expects to contribute \$901 to its foreign retirement plans in 2005.

### ***E s t i m a t e d   F u t u r e   B e n e f i t   P a y m e n t s***

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid under foreign retirement plans:

2005	\$ 744
2006	796
2007	912
2008	1,090
2009	1,341
2010 – 2014	8,133

## **16. Loss on Investments**

In 2002, the Company recognized \$2,344 of losses attributable to investments, principally associated with its investment in PurePulse Technologies, Inc. ("PurePulse"). This investment was accounted for under the cost basis of accounting and was made in conjunction with a transaction whereby the Company acquired rights to sell virus inactivation products utilizing PurePulse's intense, pulsed light technology. Subsequent to the Company's investment, PurePulse announced that it would suspend operations and in the third quarter of 2002, the Company recognized an impairment charge of \$2,200 representing the full amount of its investment. The Company and PurePulse renegotiated their agreement in light of PurePulse's suspension of operations. The new arrangement replaces the original development and product supply transaction with a royalty-bearing license under which the Company has exclusive rights, within its field of use, to develop, manufacture and sell virus inactivation products using the PurePulse technology.

## **17. Commitments and Contingencies**

The Company has purchase commitments totaling \$33,320 at December 31, 2004.

The Company currently is not a party to any material legal proceeding and has no knowledge of any material legal proceeding contemplated by any governmental authority or third party. The Company is subject to a number of claims and legal proceedings which, in the opinion of the Company's management, are incidental to the Company's normal business operations. In the opinion of the Company, although final settlement of these suits and claims may impact the Company's financial statements in a particular period, they will not, in the aggregate, have a material adverse effect on the Company's financial position, cash flows or results of operations.

As permitted under Massachusetts law and required by the Company's corporate by-laws, the Company indemnifies its officers and directors for certain events or occurrences while the director or officer is or was serving in such capacity. The maximum potential amount of future payments that could be required under these indemnification obligations is unlimited; however, the Company has a Directors and Officers liability insurance policy that enables the Company to recover a portion of any future amounts paid. As there were no known or pending claims, the Company has not accrued a liability for these agreements as of December 31, 2004.

In the ordinary course of business, the Company warrants to customers that its products will conform to published specifications. Generally, the applicable product warranty period is one year from the date of delivery of the product to the customer or of site acceptance, if required. Additionally, the Company typically provides limited warranties with respect to its services. From time to time, the Company also makes other warranties to customers, including warranties that its products are manufactured in accordance with applicable laws and not in violation of third party rights. The Company provides for estimated warranty costs at the time of the product sale. The Company believes its warranty reserve as of December 31, 2004 appropriately reflects the estimated cost of such warranty obligations.

In the ordinary course of business, the Company agrees from time to time to indemnify certain customers against certain third party claims for property damage, bodily injury, personal injury or intellectual property infringement arising from the operation or use of its products. Also, from time to time in agreements with its suppliers, licensors and other business partners, the Company agrees to indemnify these partners against certain liabilities arising out of the sale or use of its products. The maximum potential amount of future payments the Company could be required to make under these indemnification obligations is unlimited; however, the Company has general and umbrella insurance policies that enable the Company to recover a portion of any amounts paid. Based on its experience with such indemnification claims, the Company believes the estimated fair value of these obligations is minimal. Accordingly, the Company has no liabilities recorded for these agreements as of December 31, 2004.

As part of its past acquisitions and divestitures of businesses or assets, the Company has provided a variety of warranties and indemnifications to the sellers and purchasers that are typical for such transactions. Typically certain of the warranties and the indemnifications expire after a defined period of time following the transaction, but certain warranties and indemnifications may survive indefinitely. In the case of the spin-off of Mykrolis, the Company agreed to indemnify Mykrolis against any liability associated with Millipore's bioscience businesses, whether arising prior to or following the Distribution Date. The Company also retains contingent liability under certain lease agreements that were assigned to Mykrolis as part of the spin-off. As of December 31, 2004, no material claims under these warranties or indemnifications have been asserted, and the Company does not know of any such claims being contemplated.

During the first quarter of 2004, an issue arose under the tax sharing agreement relating to the inclusion of Mykrolis in the Company's consolidated tax return for portions of 2001 and 2002. The tax sharing agreement provides that if Millipore receives a tax benefit (as defined in the agreement) due to the inclusion of Mykrolis, Millipore is required to pay Mykrolis the amount of that benefit. During the first quarter of 2004, the Company made a payment to Mykrolis in the amount of \$1,255 pursuant to the tax sharing agreement. Mykrolis has questioned the methodologies underlying the calculation of the tax benefit. The Company believes that it has properly calculated and recorded amounts owed to Mykrolis.

## 18. Business Segment and Geographic Information

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," establishes standards for reporting information about operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports. It also establishes standards for related disclosures about products and services, geographic areas and major customers. The Company has evaluated its business activities that are regularly reviewed by the chief operating decision-maker for which separate discrete financial information is available. As a result of this evaluation, the Company has determined that it has three operating segments: BioPharmaceutical, Laboratory Water and Life Sciences, which are aggregated into one reporting segment.

BioPharmaceutical develops, manufactures and sells consumable products and hardware and provides related services used principally in the development and manufacturing of therapeutic products. Laboratory Water and Life Sciences manufacture and sell instrumentation, consumable products and services used in drug discovery and other laboratory applications. For all three of these operating segments, economic characteristics, production processes, products and services, types and classes of customers, methods of distribution and regulatory environments are similar. Accordingly, the three segments have been aggregated into one reporting segment for financial reporting purposes.

Effective February 2005, the Company announced its intent to combine its Laboratory Water and Life Sciences operating segments into one operating segment.

Net sales by product type information below is presented in "constant currencies" and reflects sales to unaffiliated customers. Constant currency results represent the foreign currency balances translated, for all periods presented, at Millipore's predetermined budgeted exchange rates for 2004, thus excluding the impact of fluctuations in the actual foreign currency exchange rates. In addition to analyzing financial results at actual rates of exchange, management uses this presentation because the Company believes that the constant currency results provide a clearer presentation of the underlying business trends separate from the impact of foreign currency.

Net sales by product type for the years ended December 31, 2004, 2003 and 2002 are as follows:

	Net Sales		
	2004	2003	2002
Consumables	\$637,059	\$596,424	\$558,933
Hardware	139,674	140,490	143,069
Services	32,288	28,418	23,363
Total net sales in constant currencies	809,021	765,332	725,365
Foreign exchange impact	74,242	34,290	(21,114)
Total net sales in U.S. dollars	<u>\$883,263</u>	<u>\$799,622</u>	<u>\$704,251</u>

### Geographical Information:

The Company attributes net sales to different geographic areas on the basis of the location of the customer. The Company has three geographic regions. Net sales and long-lived assets (property, plant and equipment and other non-current assets) information by geographic area in U.S. dollars is as follows:

	Year ended December 31,		
	2004	2003	2002
<b>Net Sales</b>			
United States	\$311,166	\$292,693	\$275,582
Other Americas	56,118	43,435	38,530
Americas	<u>367,284</u>	<u>336,128</u>	<u>314,112</u>
Europe	<u>353,605</u>	<u>318,350</u>	<u>260,364</u>
Japan	115,795	103,361	92,301
Other Asia/Pacific	46,579	41,783	37,474
Asia/Pacific	<u>162,374</u>	<u>145,144</u>	<u>129,775</u>
Total	<u>\$883,263</u>	<u>\$799,622</u>	<u>\$704,251</u>

	December 31,	
	2004	2003
<b>Long-Lived Assets</b>		
United States	\$170,844	\$166,881
Other Americas	22,848	23,118
Americas	<u>193,692</u>	<u>189,999</u>
France	78,079	58,880
Ireland	69,613	57,830
Other Europe	11,886	11,177
Europe	<u>159,578</u>	<u>127,887</u>
Japan	3,491	4,472
Other Asia/Pacific	1,988	546
Asia/Pacific	<u>5,479</u>	<u>5,018</u>
Total	<u>\$358,749</u>	<u>\$322,904</u>

#### **19. Investment in Unconsolidated Affiliates**

The Company has investments in two affiliated companies which are accounted for using the equity method. During 2004, the Company recorded \$2,206 of income and received dividends from these unconsolidated affiliates totaling \$648. During 2003, the Company recorded \$337 of income and received dividends from these unconsolidated affiliates totaling \$253. During 2002, the Company recorded \$478 of income and received dividends from these unconsolidated affiliates totaling \$311.

#### **20. Officer Separation Agreement**

On April 28, 2004, Francis J. Lunger announced that he would step down as President and CEO of the Company. Mr. Lunger stepped down as President and CEO as of December 31, 2004, and as Director and Chairman of the Company's Board of Directors as of March 1, 2005. In connection with Mr. Lunger's separation agreement, the Company recorded an expense of approximately \$3,000 for severance, bonus and related benefits which was recognized through March 1, 2005. The Company also expects to record an additional compensation expense of approximately \$2,000 to \$5,000 relating to stock options, of which approximately \$2,000 was recorded through March 1, 2005 and the remainder will be recorded 90 days thereafter. The amount of expense, within the above range relating to stock options, will depend upon the extent and timing of the exercise of Mr. Lunger's stock options. The Company recognized a total of \$4,024 expense in 2004 relating to this separation agreement.

#### **21. Subsequent Event**

On October 25, 2004, the Company announced that Dr. Martin D. Madaus had been appointed President and CEO of Millipore. He joined the Company in those capacities and also as a director on January 1, 2005. Dr. Madaus became Chairman of the Board of Directors of the Company on March 1, 2005. The Company has agreed to reimburse Dr. Madaus \$1,820 for certain compensation from his former employer forfeited by his acceptance of the Company's employment offer. The compensation is a combination of \$1,433 cash and 8 shares of restricted stock with a fair market value of \$386. The Company will also pay for his relocation costs. The cash compensation and the relocation costs will be reflected in net income during the first quarter of 2005. The fair value of the restricted stock will be recorded as unearned compensation and amortized over the four year restriction period.

**MILLIPORE CORPORATION**

**Quarterly Results (Unaudited)**  
(In thousands, except per share data)

The Company's unaudited quarterly results are summarized below.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
<b>2004</b>					
Net sales	\$222,469	\$224,668	\$210,724	\$225,402	\$883,263
Cost of sales	100,910	103,241	97,405	110,573	412,129
Gross profit	121,559	121,427	113,319	114,829	471,134
Selling, general and administrative expenses	67,782	66,976	64,021	72,017	270,796
Research and development expenses	15,997	16,037	15,149	15,302	62,485
Operating income	37,780	38,414	34,149	27,510	137,853
Interest income	416	225	584	848	2,073
Interest expense	(2,878)	(2,101)	(2,437)	(2,031)	(9,447)
Income before income taxes	35,318	36,538	32,296	26,327	130,479
Provision for income taxes	8,123	8,044	7,267	1,489 <sup>(1)</sup>	24,923
Net income	<u>\$ 27,195</u>	<u>\$ 28,494</u>	<u>\$ 25,029</u>	<u>\$ 24,838</u>	<u>\$105,556</u>
Basic income per share	<u>\$ 0.55</u>	<u>\$ 0.58</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 2.13</u>
Diluted income per share	<u>\$ 0.55</u>	<u>\$ 0.57</u>	<u>\$ 0.50</u>	<u>\$ 0.49</u>	<u>\$ 2.10</u>
Weighted average shares outstanding:					
Basic	49,080	49,424	49,649	49,731	49,469
Diluted	49,889	50,305	50,392	50,341	50,201
<b>2003</b>					
Net sales	\$187,452	\$196,367	\$200,053	\$215,750	\$799,622
Cost of sales	82,325	88,535	91,563	106,751	369,174
Gross profit	105,127	107,832	108,490	108,999	430,448
Selling, general and administrative expenses	60,025	61,814	60,030	64,950	246,819
Research and development expenses	13,809	14,069	14,030	16,477	58,385
Restructuring and other	—	(604)	(796)	—	(1,400)
Operating income	31,293	32,553	35,226	27,572	126,644
Interest income	385	379	441	830	2,035
Interest expense	(4,148)	(4,189)	(3,980)	(4,188)	(16,505)
Income before income taxes	27,530	28,743	31,687	24,214	112,174
Provision for (benefit from) income taxes	6,194	6,467	7,130	(8,413) <sup>(2)</sup>	11,378
Net income	<u>\$ 21,336</u>	<u>\$ 22,276</u>	<u>\$ 24,557</u>	<u>\$ 32,627</u>	<u>\$100,796</u>
Basic income per share	<u>\$ 0.44</u>	<u>\$ 0.46</u>	<u>\$ 0.50</u>	<u>\$ 0.67</u>	<u>\$ 2.08</u>
Diluted income per share	<u>\$ 0.44</u>	<u>\$ 0.46</u>	<u>\$ 0.50</u>	<u>\$ 0.66</u>	<u>\$ 2.06</u>
Weighted average shares outstanding:					
Basic	48,405	48,460	48,630	48,787	48,574
Diluted	48,537	48,834	49,356	49,416	49,046

(1) Lower tax provision in the fourth quarter of 2004 was due to lower than expected consolidated net profits and higher than expected profits from foreign subsidiaries in countries with low tax rates.

(2) Benefit from income taxes in the fourth quarter was due to the release of valuation allowance relating to foreign tax credits that the Company was able to utilize as a result of certain tax planning actions partially offset by an increase in tax reserves.

**Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.**

This item is not applicable.

**Item 9A. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

An evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the fiscal year covered by this report. Based upon that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported in accordance with and within the time periods specified in Securities and Exchange Commission rules and forms.

**Management's Annual Report on Internal Control over Financial Reporting**

Management's annual report on internal control over financial reporting can be found on page 27 of this Form 10-K. The Independent Registered Public Accounting Firm's report on management's assessment of our internal control over financial reporting can be found on page 28 of this Form 10-K.

**Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting identified during the three months ended December 31, 2004 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information.**

On March 16, 2005, we issued a press release confirming that the tax rate as originally reported in our January 27, 2005 earnings release was correct. A copy of the press release is attached as Exhibit 99.1 to this Form 10-K.

## **PART III**

### **Item 10. Directors and Executive Officers of the Registrant.**

The information called for by this item with respect to our directors, compliance with Section 16(a) of the Securities Exchange Act of 1934, our Audit and Finance Committee and our Audit Committee Financial Expert(s) is set forth under the captions "MANAGEMENT AND ELECTION OF DIRECTORS—Nominees for Election as Directors", "OWNERSHIP OF MILLIPORE COMMON STOCK – Section 16(a) Beneficial Ownership Reporting Compliance", and "Committees, Meetings and Fees of Directors" respectively, in our definitive Proxy Statement for Millipore's Annual Meeting of Stockholders to be held on April 27, 2005, and to be filed with the Securities and Exchange Commission on or about March 23, 2005 (the "Proxy Statement"), which information is hereby incorporated herein by reference.

Information called for by this item with respect to our executive officers is set forth under "Executive Officers of the Registrant" in Item 1 of this Form 10-K report.

We have adopted a code of ethics that applies to our principal executive officer, our principal financial officer, and our principal accounting officer, as well as to our other employees. This code of ethics consists of our Corporate Compliance Policy, our Employee Code of Conduct and our Rules of Conduct. We have made this code of ethics available on our website, as described under "Other Information" in Item 1 of this Form 10-K report. We also intend to provide disclosure on our website regarding any amendments to our code of ethics, or waivers from our code of ethics as relate to our principal executive officer, principal financial officer or principal accounting officer, or persons performing similar functions, within four days following any such amendments or waivers.

### **Item 11. Executive Compensation.**

The information called for by this item is set forth under the caption "Executive Compensation" in the Proxy Statement, which information is hereby incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information called for by this item with respect to security ownership of certain beneficial owners and management of the Company is set forth under the captions "OWNERSHIP OF MILLIPORE COMMON STOCK – Other Principal Holders of Millipore Common Stock" and "OWNERSHIP OF MILLIPORE COMMON STOCK – Management Ownership of Millipore Common Stock" in the Proxy Statement, which information is hereby incorporated herein by reference. The information called for by this item with respect to Securities Authorized for Issuance Under Equity Compensation Plans is set forth under the caption "Equity Compensation Plan Benefit Information" in the Proxy Statement, which information is hereby incorporated by reference.

### **Item 13. Certain Relationships and Related Transactions.**

The information called for by this item is set forth under the caption "Certain Relationships and Related Transactions" in the Proxy Statement, which information is hereby incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services.**

The information called for by this item is set forth under the caption "Report of the Audit and Finance Committee" in the Proxy Statement, which information is hereby incorporated herein by reference.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules.

The following documents are filed or furnished, or incorporated by reference, as a part of this Report:

#### 1. Financial Statements.

The following Financial Statements are filed as part of this report

Report of Independent Registered Public Accounting Firm	28
Consolidated Statements of Income for the years ended December 31, 2004, 2003 and 2002	29
Consolidated Balance Sheets at December 31, 2004 and 2003	30
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2004, 2003 and 2002	31
Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002	32
Notes to Consolidated Financial Statements	33
Quarterly Results (Unaudited)	56

#### 2. Financial Statement Schedules.

No financial statement schedules have been included because they are not applicable or not required under Regulation S-X, or the required information is included in the Company's Financial Statements.

#### 3. List of Exhibits.

A. The following exhibits are incorporated herein by reference. All referenced Forms 10-K, 10-Q and 8-K are those of Millipore Corporation [Commission File No. 0-1052]:

Reg. S-K Item 601(b) Reference	Document Incorporated	Referenced Document on file with the Commission
(2)	Form of Master Separation and Distribution Agreement between Millipore and Mykrolis Corporation ("Mykrolis")+	Form 10-Q for the quarter ended June 30, 2001
	Form of General Assignment and Assumption Agreement between Millipore and Mykrolis+	Form 10-Q for the quarter ended June 30, 2001
(3) (i)	Restated Articles of Organization, as amended May 6, 1996	Form 10-K for year ended December 31, 1996
(ii)	By Laws, as amended	Form 8-K dated February 14, 2005
(4)	Indenture dated as of April 1, 1997, relating to the issuance of Debt Securities in Series	Registration Statement on Form S-3 (No. 333-23025)
(10)	Common Stock Rights Agreement dated as of April 15, 1988, as amended and restated April 16, 1998 between Millipore and The First National Bank of Boston	Form 8-K dated April 30, 1998
	Agreement of Substitution and Amendment of Common Stock Rights Agreement	Form 10-Q for the quarter ended March 31, 2003
	Amendment of Common Stock Rights Agreement	Form 10-Q for the quarter ended June 30, 2003
	Form of letter agreement with directors relating to the deferral of directors fees and conversion into phantom stock units*	Form 10-K for the year ended December 31, 1998
	Form of letter agreement with directors relating to the deferral of directors' cash compensation*	Form 10-K for the year ended December 31, 2002
	1989 Stock Option Plan for Non-Employee Directors*	Form 10-K for the year ended December 31, 1998

Document Incorporated	Referenced Document on file with the Commission
Amendment, dated November 18, 2003, to 1989 Stock Option Plan for Non-Employee Directors*	Form 10-K for the year ended December 31, 2003
Amended and Restated 1999 Stock Incentive Plan*	Form 10-Q for the quarter ended June 30, 2002
Amendment, dated November 18, 2003, to 1999 Stock Incentive Plan*	Form 10-K for the year ended December 31, 2003
Amended and Restated 1999 Stock Option Plan for Non-Employee Directors*	Form 10-Q for the quarter ended June 30, 2003
Amendment, dated November 18, 2003, to 1999 Stock Option Plan for Non-Employee Directors*	Form 10-K for the year ended December 31, 2003
2000 Deferred Compensation Plan for Senior Management*	Form 10-K for the year ended December 31, 2000
Amendment No. 1, dated March 31, 2001, to 2000 Deferred Compensation Plan for Senior Management *	Form 10-K for the year ended December 31, 2001
Standard Deferred Compensation Agreement*	Form 10-K for the year ended December 31, 2000
Supplemental Savings and Retirement Plan for Key Salaried Employees of Millipore Corporation, as amended through 2000*	Form 10-K for the year ended December 31, 2000
Amendment, dated March 31, 2001, to Supplemental Savings and Retirement Plan for Key Salaried Employees of Millipore Corporation*	Form 10-K for the year ended December 31, 2001
Amendment, dated November 18, 2003, to Supplemental Savings and Retirement Plan for Key Salaried Employees of Millipore Corporation*	Form 10-K for the year ended December 31, 2003
Millipore Incentive Plan (f/k/a 2000 Management Incentive Plan)*	Form 10-K for the year ended December 31, 2000
Form of Executive Termination Agreement with executive officers other than CEO*	Form 10-K for the year ended December 31, 2003
Form of Officer Severance Agreement with executive officers other than CEO*	Form 10-K for the year ended December 31, 2003
Executive Termination Agreement between Millipore and Francis J. Lunger, dated November 18, 2003*	Form 10-K for the year ended December 31, 2003
Officer Severance Agreement between Millipore and Francis J. Lunger, dated November 18, 2003*	Form 10-K for the year ended December 31, 2003
Transition Services Agreement between Millipore and Francis J. Lunger, dated March 26, 2004*	Form 10-Q for the quarter ended March 31, 2004
Master Patent License Agreement between Millipore and Mykrolis	Form 10-Q for the quarter ended June 30, 2001
Master Patent Grantback License Agreement between Millipore and Mykrolis	Form 10-Q for the quarter ended June 30, 2001
Master Trade Secret and Know-How Agreement between Millipore and Mykrolis	Form 10-Q for the quarter ended June 30, 2001
Tax Sharing Agreement between Millipore and Mykrolis	Form 10-Q for the quarter ended June 30, 2001
Membrane Manufacture and Supply Agreement between Millipore and Mykrolis	Form 10-Q for the quarter ended June 30, 2001

Reg. S-K  
Item 601(b)  
Reference

Document Incorporated	Referenced Document on file with the Commission
Product Distribution Agreement between Millipore and Mykrolis	Form 10-Q for the quarter ended June 30, 2001
Millipore Contract Manufacturing Agreement	Form 10-Q for the quarter ended June 30, 2001
Mykrolis Contract Manufacturing Agreement	Form 10-Q for the quarter ended June 30, 2001
Credit Agreement between Millipore and certain of its subsidiaries, Bank of America, N.A., and certain other lending and arranging institutions, dated October 5, 2001	Form 10-Q for the quarter ended September 30, 2001
Lender Joinder Agreement between Millipore and certain of its subsidiaries, Bank of America, N.A., and PB Capital Corporation, dated October 23, 2001	Form 10-Q for the quarter ended September 30, 2001
Net Lease between Millipore and Getronics Wang Co., LLC, dated August 12, 2002 with respect to the Company's headquarters in Billerica, Massachusetts	Form 10-K for the year ended December 31, 2002

+ Millipore Corporation agrees to furnish supplementally to the Commission a copy of any omitted schedule or exhibit to such agreement upon request by the Commission.

\* A "management contract or compensatory plan"

*B. The following exhibits are filed or furnished herewith:*

Reg. S-K  
Item 601(b)  
Reference

	Documents Filed Herewith
(10)	Form of Amendment, dated August 12, 2004, to Deferral Letter Agreement with Directors of Millipore Corporation* Offer Letter to Martin D. Madaus, dated October 11, 2004* Executive Termination Agreement, dated January 1, 2005, between Millipore and Martin D. Madaus* Officer Severance Agreement, dated January 1, 2005, between Millipore and Martin D. Madaus* Form of Stock Option Grant to Directors under 1989 Stock Option Plan for Non-Employee Directors* Form of Stock Option Grant to Directors under 1999 Stock Option Plan for Non-Employee Directors* Current Form of Stock Option Grant to Executive Officers and other employees under 1999 Stock Incentive Plan*
(21)	Subsidiaries of Millipore
(23)	Consent of Independent Registered Public Accounting Firm
(24)	Power of Attorney
(31)	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<b>Documents Furnished Herewith</b>	
(32)	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(99)	Press Release issued on March 16, 2005

\* A "management contract or compensatory plan"



## INDEX TO EXHIBITS

Exhibit No.	Description
10.1	Form of Amendment, dated August 12, 2004, to Deferral Letter Agreement with Directors of Millipore Corporation*
10.2	Offer Letter to Martin D. Madaus, dated October 11, 2004*
10.3	Executive Termination Agreement, dated January 1, 2005, between Millipore and Martin D. Madaus*
10.4	Officer Severance Agreement, dated January 1, 2005, between Millipore and Martin D. Madaus*
10.5	Form of Stock Option Grant to Directors under 1989 Stock Option Plan for Non-Employee Directors*
10.6	Form of Stock Option Grant to Directors under 1999 Stock Option Plan for Non-Employee Directors*
10.7	Current Form of Stock Option Grant to Executive Officers and other employees under 1999 Stock Incentive Plan*
21.1	Subsidiaries of Millipore
23.1	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Press Release issued on March 16, 2005

\* A "management contract or compensatory plan".

**EXHIBIT 10.1**

**FORM OF  
AMENDMENT TO THE  
DEFERRAL LETTER AGREEMENTS WITH DIRECTORS OF MILLIPORE CORPORATION**

WHEREAS Millipore Corporation (the "Company") and the undersigned individual (the "Director") are a party to that certain letter agreement, dated as of \_\_\_\_\_ (the "Agreement"), with respect to the deferral of director's fees (including annual retainer, meeting fees and any other sums to be paid to the Director for service as a director of the Company; and

WHEREAS the Company and the Director wish to amend the Agreement as set forth herein.

NOW, THEREFORE, the Agreement is hereby amended, effective on the date hereof, as follows:

1. The Company and the Director each agree that if shares of Company common stock are converted (by reason of a merger, consolidation, statutory share exchange, sale of assets or other corporate transaction) into cash, securities or other property, each Purchased Unit shall be deemed converted into such cash, securities or other property in the same manner. For purposes of distributions, the amount of any payments due to the Director in respect of the Purchased Units shall be determined by reference to the then current market value of such cash, securities or other property into which the Purchased Units have been deemed converted.

2. Except as expressly amended hereby, the Agreement shall continue in full force and effect in accordance with the terms thereof on the date hereof.

3. The validity, interpretation, construction performance and enforcement of this Amendment shall be governed by the laws of the Commonwealth of Massachusetts without giving effect to the principles of conflict of laws thereof.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed this 12th day of August, 2004.

Millipore Corporation

by

\_\_\_\_\_

Name: Jeffrey Rudin  
Title: Vice President, General Counsel

\_\_\_\_\_

[name of Director]

Exhibit 10.2

## MILLIPORE

October 11, 2004

Dr. Martin Madaus  
12481 Silver Bay Circle  
Indianapolis, IN 46236

Dear Dr. Madaus:

It is with great pleasure that I write to offer you formally the Chief Executive Officer position at Millipore Corporation. We also plan to elect you to the Board of Directors at the first Board meeting following the announcement of your joining Millipore. It was the unanimous decision of the non-executive officer members of the Board of Directors that you will make an excellent leader of the company.

In addition to the benefit programs which were sent to you by our general counsel, Jeffrey Rudin, the following summarizes the compensation package which we have discussed with you previously:

**Salary—\$600,000** per annum

**Bonus**—subject to Board discretion and achievement of corporate and personal goals, generally on the order of **65% of salary** per annum

**Options—150,000** options to be awarded on joining the company with an exercise price equal to the closing price of the company's stock on the preceding day; an annual 'equity' award will also be part of the compensation package but the form of instrument (option/restricted stock etc) is under review.

**Forfeited Roche compensation**—It is our objective to make you whole for any Roche compensation forfeited by your decision to accept our offer. While this amount is not currently determinable, we will pay you in **cash for the forfeited value of any awards vesting in December, 2004 and February, 2005 and in options or restricted stock for the forfeited value of any awards vesting in February, 2006.**

**Severance Agreement and Change of Control Agreement**—The company will execute its current CEO severance agreement and change of control agreement (copies of which have been provided to you) on your first day of employment.

**Relocation Benefits**—We will pay any costs of relocation including the friction costs of selling your existing home in Indiana and buying a new one in Massachusetts. We will not however purchase your home nor act as a lender in helping you finance the purchase of a new one.

**Start Date**—We obviously would prefer for you to start as soon as possible but understand that you are subject to a contractual 3 month notice period. We understand that the ultimate start date will be determined by negotiation with Roche but in no event will be later than February 1, 2005. We ask only that you attempt to minimize our costs while accelerating your arrival at Millipore.

**Drug Testing**—It is the company’s policy that all new hires undergo drug screening prior to commencing employment. We will provide the pertinent testing information to you after your appointment has been announced.

Please indicate your acceptance of this offer by signing, dating and returning one fully executed copy of this letter to Jeffrey Rudin at Millipore.

Sincerely,

/s/ Maureen Hendricks/J.R.

\_\_\_\_\_   
Maureen Hendricks

/s/ Martin Madaus

10-14-04

\_\_\_\_\_   
Dr. Martin Madaus

\_\_\_\_\_   
Date

**Exhibit 10.3**

EXECUTIVE TERMINATION AGREEMENT, dated as of January 1, 2005, between MILLIPORE CORPORATION, a Massachusetts corporation with offices at 290 Concord Road, Billerica, Massachusetts 01821 (the "Company"), and Martin D. Madaus (the "Executive").

WHEREAS the Executive is an officer and key member of the Company's management;

WHEREAS the Company believes that it is in its best interests, as well as those of its stockholders, to assure the continuity of management in general and the Executive in particular, for a fixed period of time in the event of actual or threatened change of control of the Company and whether or not such change of control is determined by the Board of Directors of the Company (the "Board") to be in the best interest of its stockholders;

WHEREAS this Agreement is not intended to alter materially the compensation, benefits or terms of employment that the Executive could reasonably expect in the absence of a change in control of the Company, but is intended to encourage and reward his compliance with the wishes of the Board whatever they may be in the event that a change of control occurs or is threatened; and

WHEREAS this Agreement supersedes and replaces the previous the Executive Termination Agreement between the Executive and the Company.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

**ARTICLE I****Definitions**

SECTION 1.01. "Accounting Firm" shall have the meaning given such term in Section 8.02.

SECTION 1.02. "Cause" shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive) for a period of at least 30 consecutive days after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the Executive is convicted of, or has entered a plea of nolo contendere to, a felony. For purposes of this definition, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company.

SECTION 1.03. “Change of Control” shall mean the occurrence of any one of the following events:

(a) any “person” (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company’s then outstanding securities eligible to vote for the election of the Board (the “Company Voting Securities”); provided, however, that the event described in this paragraph (a) shall not be deemed to be a Change of Control if such event results from any of the following: (i) the acquisition of Company Voting Securities by the Company or any of its subsidiaries, (ii) the acquisition of Company Voting Securities by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries, (iii) the acquisition of Company Voting Securities by any underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) the acquisition of Company Voting Securities pursuant to a Non-Qualifying Transaction (as defined in paragraph (c) below);

(b) individuals who, as of the date hereof, constitute the Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof, whose election or nomination for election was approved (either by a specific vote or by approval of the proxy statement of the Company in which such individual is named as a nominee for director, without written objection to such nomination) by a vote of at least two-thirds of the directors who were, as of the date of such approval, Incumbent Directors, shall be an Incumbent Director; provided, however, that no individual initially appointed, elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to the election or removal of directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be an Incumbent Director;

(c) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving (i) the Company or (ii) any of its wholly owned subsidiaries pursuant to which, in the case of this clause (ii), Company Voting Securities are issued or issuable (any event described in the immediately preceding clause (i) or (ii), a “Reorganization”) or (iii) the sale or other disposition of all or substantially all of the assets of the Company to an entity that is not an affiliate of the Company (a “Sale”), unless immediately following such Reorganization or Sale: (A) more than 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (x) the entity resulting from such Reorganization, or the entity which has acquired all or substantially all of the assets of the Company (in either case, the “Surviving Entity”), or (y) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of more than 50% of the total voting power (in respect of the election of directors, or

similar officials in the case of an entity other than a corporation) of the Surviving Entity (the "Parent Entity"), is represented by Company Voting Securities that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Reorganization or Sale), (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Entity or the Parent Entity) is or becomes the beneficial owner, directly or indirectly, of 30% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the outstanding voting securities of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and (C) at least a majority of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the approval by the Board of the execution of the initial agreement providing for such Reorganization or Sale, Incumbent Directors (any Reorganization or Sale which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, if any person becomes the beneficial owner of 30% or more of the combined voting power of Company Voting Securities solely as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding, such increased amount shall be deemed not to result in a Change of Control; provided, however, that if such person subsequently becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change of Control shall then be deemed to occur.

SECTION 1.04. "Code" shall mean the Internal Revenue Code of 1986, as amended.

SECTION 1.05. "Date of Termination", with respect to any purported termination of the Executive's employment after a Change of Control, means (a) if the Executive's employment is terminated for Disability, 30 days after Notice of Termination is given (provided that the Executive has not returned to the performance of the Executive's duties on a full-time basis during such 30-day period), (b) if the Executive's employment is terminated by the Company for any reason other than Disability or by the Executive for any reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company shall not be less than 30 days, and in the case of a termination by the Executive shall not be more than 60 days, respectively, from the date such Notice of Termination is given) or (c) if the Executive dies, his date of death (without any requirement that a Notice of Termination be provided), subject in each case to Section 11.02.

SECTION 1.06. “Disability” shall have the meaning given such term under the Company’s short- and long-term disability plans as in effect immediately prior to a Change of Control.

SECTION 1.07. “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

SECTION 1.08. “Good Reason” shall mean the occurrence (without the Executive’s express written consent) of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (a), (e), (f) or (g) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(a) any diminution in the Executive’s status, position, titles, reporting lines, authority, duties or responsibilities from those in effect as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter (it being understood that the assignment to the Executive of any duties inconsistent with such status, position, titles, reporting lines, authority, duties or responsibilities, shall be treated as a diminution for purposes of this paragraph (a));

(b) a reduction by the Company in the Executive’s annual base salary and/or the level of the Executive’s entitlement under the Company’s annual bonus plan, in each case as in effect as of immediately prior to a Change of Control or as the same may be increased from time to time;

(c) the Company’s requiring the Executive to be based anywhere other than the Company’s offices at which the Executive is based as of immediately prior to a Change of Control (or any subsequent location at which the Executive has previously consented to be based) except for required travel on the Company’s business to an extent substantially consistent with the Executive’s business travel obligations as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter, or, in the event the Executive consents to any such relocation of his offices, the failure by the Company to provide the Executive with all of the benefits of the Company’s relocation policy as in effect as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter;

(d) the failure by the Company to pay to the Executive any portion of the Executive’s current compensation (for purposes of this paragraph (d), “current compensation” shall mean the Executive’s annual base salary and the awards earned pursuant to the Company’s annual bonus plan, in each case as in effect as of immediately prior to a Change of Control or as the same may be increased from time to time) or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company as in effect as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter, within seven days of the date such compensation is due;

(e) the failure by the Company to continue in effect any compensation (including without limitation short-term and long-term cash compensation and stock-based compensation) plan in which the Executive participates as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants as existed as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter;

(f) (i) the failure by the Company to continue to provide the Executive with benefits no less favorable in the aggregate than those enjoyed by the Executive under any of the Company's pension, savings, life insurance, medical, health and accident, or disability plans in which the Executive was participating as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter, (ii) the taking of any action by the Company which would directly or indirectly reduce any of such benefits or deprive the Executive of any fringe benefit enjoyed by the Executive as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter, or (iii) the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter; or

(g) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 1.11 and 10.01, and, for purposes of this Agreement, no such purported termination shall preclude the Executive from claiming Good Reason hereunder.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive will be deemed to have waived his rights relating to circumstances constituting Good Reason if he has not provided to the Company a written Notice of Termination within ninety (90) days following his knowledge of circumstances constituting Good Reason. Notwithstanding the foregoing, any termination by the Executive of the Executive's employment for any reason or no reason following a Change of Control and effective upon the expiration of the Period of Employment shall be deemed a termination of employment for Good Reason.

SECTION 1.09. "Gross-Up Payment" shall have the meaning given such term in Section 8.01.

SECTION 1.10. "Impending Change of Control" means the occurrence of any event or circumstance which gives rise to a threat or a likelihood of Change of Control, whether or not supported or approved by the Company's management or the Board, provided that an Impending Change of Control shall be deemed to have occurred if:

- (a) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change of Control;
- (b) the Company or any person (as defined for purposes of Section 1.03(a)), publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change of Control;
- (c) any person (other than any person described in Section 1.03(a)(i), (ii) or (iii)) (i) who is the beneficial owner (as defined for purposes of Section 1.03(a)), as of the date hereof, directly or indirectly, 15% or more of the combined voting power of the Company Voting Securities, increases such person's beneficial ownership of Company Voting Securities or (ii) who beneficially owns, as of the date hereof, directly or indirectly, less than 15% of the combined voting power of the Company Voting Securities, becomes the beneficial owner of 15% or more of the combined voting power of the Company Voting Securities; or
- (d) the Board adopts a resolution to the effect that, for purposes of this Agreement, an Impending Change of Control has occurred.

Notwithstanding the foregoing, if any person becomes the beneficial owner of an additional amount of the combined voting power of Company Voting Securities solely as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding, such increased amount shall be deemed not to result in an Impending Change of Control; provided, however, that if such person subsequently becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, an Impending Change of Control shall then be deemed to occur.

Any determination made by the Board that an event constituting an Impending Change of Control has occurred shall be final and binding if such determination is made by the Board in good faith.

SECTION 1.11. "Notice of Termination" shall mean a notice which indicates the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. A Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board (excluding the Executive for such purpose) at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's

counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct constituting Cause, and specifying the particulars thereof in detail.

SECTION 1.12. "Payment" shall mean, for purposes of Article VIII, any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.

SECTION 1.13. "Pension and Retirement Program" shall mean the Participation and the Retirement Plan of the Company, its supplemental unfunded pension plan, if any, and any other supplemental, early retirement and similar plan or plans of the Company and its subsidiaries providing for pension or retirement benefits that may be applicable to the Executive as in effect as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter.

SECTION 1.14. "Period of Employment" shall mean the period beginning upon the occurrence of an Impending Change of Control (or, if a Change of Control occurs prior to any Impending Change of Control, upon a Change of Control) and ending at the close of business on the 180<sup>th</sup> day subsequent to any Change of Control (or, if earlier, the date on which the Board determines that there is no longer any threat or likelihood of a Change of Control).

SECTION 1.15. "Qualifying Termination" shall have the meaning given such term in Section 5.01.

SECTION 1.16. "Severance Agreement" shall mean that certain Officer Severance Agreement, dated as of the date hereof, between the Executive and the Company.

SECTION 1.17. "Severance Payments" shall have the meaning given such term in Section 5.01.

SECTION 1.18. "Underpayment" shall have the meaning given such term in Section 8.02.

## **ARTICLE II**

### **The Company's Covenants Summarized**

SECTION 2.01. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's covenants set forth in Article III, the Company agrees, under the conditions described herein, to provide the Executive with the payments and benefits described in this Agreement in the event the Executive's employment with the Company is terminated following a Change of Control. No amount or benefit shall be payable under this Agreement unless there shall have been (or, under the terms hereof, there shall be deemed to have been) a termination of the Executive's employment with the Company following a Change of Control.

### **ARTICLE III**

#### **The Executive's Employment Obligations**

SECTION 3.01. If an Impending Change of Control should occur while the Executive is employed by the Company, the Executive agrees to remain in the employ of the Company for at least the Period of Employment in the position and with the duties and responsibilities in effect immediately prior to the Impending Change of Control, with such changes therein as may from time to time be made by the Board and upon the other terms and conditions hereinafter stated, provided that the foregoing shall not prevent the Executive from terminating his or her employment for Good Reason.

SECTION 3.02. The Executive agrees that during the Period of Employment and prior to any Change of Control he will exercise his best efforts to bring about whatever result the Board determines to be in the best interests of the Company and its stockholders relative to any Impending Change of Control, (i.e., to help resist any such Change of Control if the Board determines that to be in the best interests of the Company and its stockholders, and to bring about such Change of Control if the Board determines that to be the preferable alternative). The Executive agrees to use his best efforts at and after the occurrence of a Change of Control to effect an orderly and beneficial transfer of control to the party or parties comprising the new control group.

SECTION 3.03. Nothing in this Agreement shall be deemed to prevent the Executive from remaining in the employ of the Company or any successor beyond the Period of Employment either on the terms and conditions set forth herein or on others that may be mutually agreed upon.

### **ARTICLE IV**

#### **Compensation Other Than Severance Payments**

SECTION 4.01. Following a Change of Control, during any period that the Executive fails to perform the Executive's full-time duties with the Company as a result of Disability, the Executive shall be compensated as provided pursuant to the terms of the Company's short- and long-term disability plans as in effect as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter, together with all other compensation and benefits payable to the Executive pursuant to the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period.

SECTION 4.02. If the Executive's employment shall be terminated for any reason following a Change of Control, the Company shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect at the time the Notice of Termination is given, together with all other compensation and benefits payable to the Executive through the Date of Termination (including, without limitation, all incentive compensation amounts owed the Executive for a completed calendar year to the extent not yet then paid but excluding any annual bonus for the year in which the

Date of Termination occurs to the extent the Executive is entitled to receive the Severance Payment described in Section 5.03) under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period.

SECTION 4.03. If the Executive's employment shall be terminated for any reason following a Change of Control, the Company shall pay the Executive, subject to Section 5.01, such normal post-termination compensation and benefits as may be provided by the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements, as in effect as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter.

## **ARTICLE V**

### **Severance Payments**

SECTION 5.01. In lieu of any other severance compensation or benefits to which the Executive may otherwise be entitled under any plan, program, policy or arrangement of the Company, the Severance Agreement or any other agreement between the Executive and the Company (which compensation and benefits the Executive hereby expressly waives to the extent the Executive receives the compensation and benefits provided for hereunder), the Company shall pay the Executive, in addition to the payments and benefits described in Article IV, the payments described in this Article V (the "Severance Payments") upon the termination of the Executive's employment within two years following a Change of Control, unless such termination is (a) by the Company for Cause or due to the Executive's Disability, (b) by reason of the Executive's death, or (c) by the Executive without Good Reason. The Executive's employment shall be deemed to have been terminated following a Change of Control by the Company without Cause or by the Executive with Good Reason if (i) the Executive is requested to resign by the Company, (ii) the Executive's employment is terminated prior to a Change of Control without Cause at the direction of a person or entity who has entered into an agreement with the Company the consummation of which will constitute a Change of Control or (iii) if the Executive terminates his employment prior to a Change of Control with Good Reason (determined by treating an Impending Change of Control as a Change of Control in applying the definition of Good Reason, other than in the last sentence of such definition) if the circumstance or event which constitutes Good Reason occurs at the direction of such person or entity. Any termination of Executive's employment in respect of which the Executive is entitled to Severance Payments is referred to as a "Qualifying Termination".

SECTION 5.02. In the event of a Qualifying Termination, the Company shall provide the Executive with a lump sum severance payment in an amount equal to 2.99 times the sum of (a) the highest base salary payable to the Executive at any time during the three-year period ending on the Date of Termination (without regard to any reduction that gave rise to Good Reason) plus (b) the greater of (i) the highest actual bonus earned by the Executive in respect of the three most recently completed years prior to the Qualifying Termination and (ii) the Executive's target annual bonus (without regard to any reduction that gave rise to Good Reason) for the year in which the Qualifying Termination occurs, payable within seven days following the Qualifying Termination.

SECTION 5.03. In the event of a Qualifying Termination, the Company shall pay the Executive a lump sum cash amount equal to the Executive's target annual bonus (without regard to any reduction that gave rise to Good Reason) for the year in which the Qualifying Termination occurs, multiplied by a fraction, the numerator of which is the number of days elapsed in such year through the date of termination, and the denominator of which is 365, payable within seven days following the Qualifying Termination.

SECTION 5.04. In the event of a Qualifying Termination, the Executive and his family shall receive continued provision of the Company's standard group employee insurance coverages (e.g., health, dental, disability and life), as elected by the Executive and as in effect as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter, for a period (the "Company-Paid Coverage Period") that commences upon the Qualifying Termination and ends upon the earlier of (A) the expiration of three years thereafter or (B) the date that the Executive becomes covered under another employer's group health, dental, disability or life insurance plans that provide the Executive with benefits not less favorable than those being provided to the Executive and his family as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter; provided, however, that if the continuation of any or all of such insurance coverages are not permitted under the terms of the Company's group insurance plans, the Company shall arrange for the provision of substantially equivalent insurance coverages to be provided under alternative plans or arrangements that provide such coverages on substantially the same terms and at a cost to Executive that is not greater than that incurred by the Executive (determined on an after-tax basis) as of immediately prior to a Change of Control or, if more favorable, as of any time thereafter. For purposes of Title X of the Consolidated Budget Reconciliation Act of 1985 ("COBRA"), the date of the "qualifying event" for the Executive and his family shall be the date upon which the Company-Paid Coverage Period terminates.

SECTION 5.05. In the event of a Qualifying Termination, the Executive shall be entitled to an additional payment by the Company in an amount equal to the excess, if any, of the amount that would be payable under the Pension and Retirement Program if:

- (a) "Compensation" were defined in the Pension and Retirement Program to be the sum of (a) the highest base salary payable to the Executive at any time during the three-year period ending on the Date of Termination (without regard to any reduction that gave rise to Good Reason) plus (b) the greater of (i) the highest actual bonus earned by the Executive in respect of the three most recently completed years prior to the Qualifying Termination and (ii) the Executive's target annual bonus (without regard to any reduction that gave rise to Good Reason) for the year in which the Qualifying Termination occurs;
- (b) the Executive were credited under the Pension and Retirement Program for the purpose of determining "years of service" (up the maximum of

30 years), with 2.5 times the actual number of years served, with a minimum of ten years of such credited service for purposes of determining both vesting and benefit amounts thereunder; and

(c) the Executive were entitled to receive his actuarially determined benefit at any time he elects subsequent to the Qualifying Termination without regard to his age at the time of such election, provided that for such purpose the Executive shall be deemed to have retired at the earliest retirement age permitted thereunder (or, if later, at the Executive's attained age as of the Qualifying Termination), so that the Executive would receive the benefit of any subsidized early retirement provisions under the Pension and Retirement Program;

over the amount actually payable pursuant to the terms of the Pension and Retirement Program. The payment under this Section is intended to supplement the benefits under the Pension and Retirement Program and the provisions of this Section shall not affect in any way the terms of the Pension and Retirement Program or the rights of the Executive thereunder.

SECTION 5.06. The Executive's entitlement to receive the Severance Payments shall be conditioned upon his having complied to the best of his abilities with the commitments contained in Sections 3.01 and 3.02. In the event of a Qualifying Termination, the Executive shall be deemed to have so complied if he shall have complied to the best of his abilities with the requirements of those Sections until the time of his discharge or resignation, provided that if the Executive terminates his employment pursuant to the last sentence of Section 1.08, he shall be deemed to have complied only if his employment continues through the Period of Employment and if his compliance shall have continued throughout the Period of Employment.

## **ARTICLE VI**

### **The Executive's Put Right; Treatment of Options and Restricted Stock**

SECTION 6.01. The Executive is hereby granted the right and option to sell to the Company all shares of common stock of the Company owned by him at the time of, or acquired by him within 90 days after a Change of Control. The purchase price to be paid by the Company to the Executive for such shares shall be the highest price paid for shares of the Company common stock by the party effecting the Change of Control, within 90 days prior to the date of exercise by the Executive of his right under this Section 6.01. The Executive's right to exercise this right and option shall be subject to his being in the employ of the Company as of the Change of Control (or his having terminated his employment prior to a Change of Control for Good Reason). The right and option granted to the Executive under this Section 6.01 shall begin as of the Change of Control and shall continue for a period of 90 days thereafter.

SECTION 6.02. Upon the occurrence of a Change of Control, (i) the Executive will become immediately entitled to exercise any and all stock options previously granted to him by the Company (and each such option shall remain fully exercisable until its originally scheduled expiration date) and (ii) any and all restricted

stock shall become free of any restrictions thereon, notwithstanding any provision to the contrary in the option agreement, the restricted stock agreement or any plans under which they were granted.

## **ARTICLE VII**

### **Confidential Information**

SECTION 7.01. The Executive agrees not to disclose, either while in the Company's employ or at any time thereafter, to any person not employed by the Company, or not engaged to render services to the Company, any confidential information obtained by him while in the employ of the Company, including, without limitation, any of the Company's inventions, processes, methods of distribution or customers or trade secrets; provided, however, that this provision shall not preclude the Executive from disclosing information (a) known generally to the public or (b) not considered confidential by persons engaged in the business conducted by the Company or (c) to the extent required by law or court order.

SECTION 7.02. The Executive also agrees that upon leaving the Company's employ he will not take with him, without the prior written consent of an officer authorized to act in the matter by the Board any drawing, blueprint, specification or other document of the Company, its subsidiaries, affiliates and divisions, which is of a confidential nature relating to the Company, its subsidiaries, affiliates, and divisions, including, without limitation, relating to its or their methods of distribution, or any description of any formulae or secret processes.

## **ARTICLE VIII**

### **Gross-Up Payment**

SECTION 8.01. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise Tax, then the Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. The Company's obligation to make Gross-Up Payments under this Article VIII shall not be conditioned upon the Executive's termination of employment.

SECTION 8.02. Subject to the provisions of Section 8.03, all determinations required to be made under this Article VIII, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's auditor in effect immediately prior to a Change of Control or such other nationally recognized certified public accounting firm as may be designated by the

Executive (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. The Accounting Firm shall not determine that no Excise Tax is payable by the Executive unless it delivers to the Executive a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 8.02, shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be final and binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code, it is possible that Gross-Up Payments that will not have been made by the Company should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event the Company exhausts its remedies pursuant to Section 8.03 and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

SECTION 8.03. The Executive shall notify the Company in writing of any claims by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but not later than 30 days after the Executive actually receives notice in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid; provided, however, that the failure of the Executive to notify the Company of such claim (or to provide any required information with respect thereto) shall not affect any rights granted to the Executive under this Article VIII except to the extent that the Company is materially prejudiced in the defense of such claim as a direct result of such failure. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that the Company desires to contest such claim, the Executive shall:

- (a) give the Company any information reasonably requested by the Company relating to such claim;
- (b) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney selected by the Company and reasonably acceptable to the Executive;
- (c) cooperate with the Company in good faith in order to effectively contest such claim; and

(d) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income or employment tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 8.03, the Company shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that, if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such advance or with respect to any imputed income in connection with such advance; and provided, further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

SECTION 8.04. If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 8.03, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 8.03) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 8.03, a determination is made that the Executive shall not be entitled to any refund with respect to such claim, and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

SECTION 8.05. Notwithstanding any other provision of this Article VIII, the Company may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of the Gross-Up Payment, and the Executive hereby consents to such withholding.

## ARTICLE IX

### **Successors; Binding Agreement**

SECTION 9.01. In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change of Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

SECTION 9.02. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

## ARTICLE X

### **Termination Procedures**

SECTION 10.01. Notice of Termination. After a Change of Control, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Article XI hereof.

SECTION 10.02. Dispute Concerning Termination. If the party receiving the Notice of Termination notifies the other party within thirty (30) days after the date such Notice of Termination is given that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. The Company shall continue to pay the Executive the Executive's full compensation in effect when the notice giving rise to the dispute was given and continue the Executive as a participant in all

compensation, benefit and insurance plans in which the Executive participated when the Notice of Termination was given (without regard to any reductions that gave rise to Good Reason) until the dispute is finally resolved in accordance with this Section. Amounts paid under this Section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement. In addition, for purposes of determining whether any Qualifying Termination has occurred, the date a Notice of Termination is given pursuant to this Section shall be deemed the date of the Executive's Qualifying Termination.

## **ARTICLE XI**

### **Notices**

SECTION 11.01. All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be sufficiently given when mailed in the continental United States by registered or certified mail or personally delivered to the party entitled thereto at the address stated below or to such changed address as the addressee may have given by a similar notice:

To the Company:

Attention: Clerk  
Millipore Corporation  
290 Concord Road  
Billerica, MA 01821

To the Executive:

c/o Millipore Corporation,

with an additional copy to the Executive's home address.

## **ARTICLE XII**

### **Legal Fees and Expenses**

SECTION 12.01. The Company also shall pay to the Executive all legal fees and expenses incurred by the Executive as a result of a termination of employment which entitles the Executive to the Severance Payments (including all such fees and expenses, if any, incurred in disputing any such termination) or in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder (including, but not limited to, auditors' fees incurred in connection therewith). Such payments shall be made within five business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

**ARTICLE XIII****No Mitigation and No Offset**

SECTION 13.01. The amounts payable to the Executive hereunder shall be absolutely owing, and not subject to reduction or mitigation as a result of employment by the Executive elsewhere after his employment with the Company is terminated.

SECTION 13.02. There shall be no right of set-off or counterclaim in respect of any claim, debt or obligation against any payments to the Executive, his dependents, beneficiaries or estate, provided for in this Agreement.

**ARTICLE XIV****Amendment or Modification; Waiver**

SECTION 14.01. No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver shall be authorized by the Board or any authorized committee of the Board and shall be agreed to in writing, signed by the Executive and by an officer of the Company thereunto duly authorized. Except as otherwise specifically provided in this Agreement, no waiver by either party hereto of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a subsequent breach of such condition or provision or a waiver of a similar or dissimilar provision or condition at the same time or at any prior or subsequent time.

**ARTICLE XV****Governing Law; Submission to Jurisdiction**

SECTION 15.01. The validity, interpretation, construction performance and enforcement of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts without giving effect to the principles of conflict of laws thereof.

SECTION 15.02. (a) Except as otherwise specifically provided herein, the Executive and the Company each hereby irrevocably submits to the exclusive jurisdiction of federal and state courts in the Commonwealth of Massachusetts with respect to any disputes or controversies arising out of or relating to this Agreement. The parties undertake not to commence any suit, action or proceeding arising out of or relating to this Agreement in a forum other than a forum described in this Section 15.02(a); provided, however, that nothing herein shall preclude the Company from bringing any suit, action or proceeding in any other court for the purposes of enforcing any judgment obtained by the Company and, in such event, the Executive hereby irrevocably submits to the jurisdiction of such other court.

(b) The agreement of the parties to the forum described in Section 15.02(a) is independent of the law that may be applied in any suit, action, or proceeding and the parties agree to such forum even if such forum may under applicable law choose

to apply non-forum law. The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding brought in an applicable court described in Section 15.02(a), and each party agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court. The parties agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any suit, action or proceeding brought in any applicable court described in Section 15.02(a) shall be conclusive and binding upon the parties and may be enforced in any other jurisdiction.

(c) Each party hereto irrevocably consents to the service of any and all process in any suit, action or proceeding arising out of or relating to this Agreement by the mailing of copies of such process to such party at such party's address specified in Article XI.

## **ARTICLE XVI**

### **General Provisions**

SECTION 16.01. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.

SECTION 16.02. No right or interest to or in any payments shall be assignable by the Executive; provided, however, that this provision shall not preclude him from designating one or more beneficiaries to receive any amount that may be payable after his death and shall not preclude the legal representative of his estate from assigning any right hereunder to the person or persons entitled thereto under his will or, in the case of intestacy, to the person or persons entitled thereto under the laws of intestacy applicable to his estate.

SECTION 16.03. No right, benefit or interest hereunder shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect.

SECTION 16.04. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect to the fullest extent permitted by law. The Executive agrees that in the event that any court of competent jurisdiction shall finally hold that any provision of this Agreement (whether in whole or in part) is void or constitutes an unreasonable restriction against the Executive, such provision shall not be rendered void but shall be deemed to be modified to the minimum extent necessary to make such provision enforceable for the longest duration and the greatest scope as such court may determine constitutes a reasonable restriction under the circumstances.

SECTION 16.05. This Agreement (and the Severance Agreement) sets forth the entire understanding between the parties with respect to the subject matter hereof. All oral or written agreements or representations, express or implied, with respect to the subject matter of this Agreement are set forth in this Agreement (and the Severance Agreement). All prior agreements, understandings and obligations (whether written, oral, express or implied) between the parties with respect to the subject matter hereof (including, without limitation, any prior Executive Termination Agreement) are terminated as of the date hereof and are superseded by this Agreement (and the Severance Agreement).

SECTION 16.06. The Company may withhold from any amounts payable under this Agreement such Federal, state, local, foreign or other taxes as are required to be withheld pursuant to any applicable law or regulation.

SECTION 16.07. The headings of this Agreement are inserted for convenience only and neither constitute a part of this Agreement nor affect in any way the meaning or interpretation of this Agreement. When a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated.

SECTION 16.08. This Agreement may be executed in one or more counterparts (including via facsimile), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MILLIPORE CORPORATION

by           /s/ Jeffrey Rudin          

Name: Jeffrey Rudin

Title: Corporate Vice President

  /s/ Martin D. Madaus  

Martin D. Madaus

**Exhibit 10.4**

OFFICER SEVERANCE AGREEMENT, dated as of January 1, 2005, between MILLIPORE CORPORATION, a Massachusetts corporation with offices at 290 Concord Road, Billerica, Massachusetts 01821 (the "Company"), and Martin D. Madaus (the "Executive").

WHEREAS the Executive is an officer and key member of the Company's management; and

WHEREAS the Company believes that it is appropriate to provide its management in general and the Executive in particular with certain specified severance compensation and benefits in the event of termination of employment under certain circumstances as set forth in more detail below.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

**ARTICLE I****Definitions**

SECTION 1.01. "Annual Compensation" means the sum of (a) the Executive's current base salary and (b) the Executive's annual target bonus for the year in which the Qualifying Termination occurs (in each case determined immediately prior to the Qualifying Termination and without regard to any reduction in such salary or target bonus giving rise to the Qualifying Termination).

SECTION 1.02. "Board" means the Board of Directors of the Company.

SECTION 1.03. "Cause" means: (a) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a notice of termination by the Executive in respect of any event described in clause (b) of the definition of Qualifying Termination) for a period of at least 30 consecutive days after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, (b) the Executive is convicted of, or has entered a plea of nolo contendere to, a felony, (c) the Executive's misappropriation or embezzlement of funds or property belonging to the Company or (d) the Executive's material violation of Company policies that the Board determines in its reasonable discretion is materially detrimental to the best interests of the Company, which violation is not corrected within 30 days after a written demand for correction is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes the Executive has materially violated the Company's policies and the resulting material detriment to the best interests of the Company. For purposes of this definition, no act, or failure to act, on the Executive's part shall be deemed "willful" unless

done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company. Any termination of employment for Cause shall be made in writing to the Executive, which notice shall set forth in detail all acts or omissions upon which the Board is relying for such termination.

SECTION 1.04. "Code" means the Internal Revenue Code of 1986, as amended.

SECTION 1.05. "Company-Paid Coverage Period" has the meaning given such term in Section 2.01(b).

SECTION 1.06. "Disability" has the meaning given such term under the Company's short- and long-term disability plans.

SECTION 1.07. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

SECTION 1.08. "Executive Termination Agreement" means that certain Executive Termination Agreement, dated the date hereof, between the Executive and the Company.

SECTION 1.09. "Non-Compete Term" has the meaning given such term in Section 4.01.

SECTION 1.10. "Other Severance Benefits" has the meaning given such term in Section 10.09.

SECTION 1.11. "Qualifying Termination" means any termination of the Executive's employment by the Company other than for Cause and other than due to the Executive's death or Disability.

SECTION 1.12. "Severance Amount" has the meaning given such term in Section 2.01(a).

SECTION 1.13. "Severance Multiple" shall mean two.

SECTION 1.14. "Severance Period" has the meaning given such term in Section 2.01(a).

## ARTICLE II

### **Benefits.**

SECTION 2.01. Subject to Section 2.02, in the event that the Executive's employment terminates as a result of a Qualifying Termination, then the Executive shall be entitled to the following benefits:

(a) **Cash Severance Payment.** The Executive shall be entitled to receive cash severance payments in an aggregate amount (the "Severance Amount") equal to the product of: (i) the Executive's Annual Compensation; and (ii) the Executive's Severance Multiple. The Severance Amount shall be paid in substantially equal installments during the period (the "Severance Period") (measured in the number of years and/or fractions thereof equal to the Executive's Severance Multiple) immediately following such Qualifying Termination); provided, however, that if the Executive subsequently becomes employed by another employer prior to the expiration of the Severance Period, the Executive shall receive, in lieu of continued payment of the remaining unpaid installments of such cash severance payments, a lump sum cash payment in an amount equal to 50% of the aggregate amount of the remaining unpaid installments of such cash severance payments. The Severance Amount shall not be taken into account for purposes of determining benefits under any other qualified or non-qualified plans of the Company.

(b) **Continued Employee Welfare Benefits.** The Executive and his family shall receive continued provision of the Company's standard group employee insurance coverages (e.g., health, dental, disability and life) as made available generally to the Company's active employees for a period (the "Company-Paid Coverage Period") that commences upon the Qualifying Termination and ends upon the earlier of (i) the expiration of the Severance Period or (ii) the date that the Executive becomes covered under another employer's group health, dental, disability or life insurance plans that provide the Executive with comparable benefits; provided, however, that if the continuation of any or all of such insurance coverages are not permitted under the terms of the Company's group insurance plans, the Company shall arrange for the provision of substantially equivalent insurance coverages to be provided under alternative plans or arrangements that provide such coverages on substantially the same terms and at a cost to the Executive that is not greater than that incurred by the Executive (determined on an after-tax basis) immediately prior to such Qualifying Termination. For purposes of Title X of the Consolidated Budget Reconciliation Act of 1985, the date of the "qualifying event" for the Executive and his family shall be the date upon which the Company-Paid Coverage Period terminates.

(c) **Accelerated Vesting of Equity Awards.** In the event of a Qualifying Termination, 50% of the Executive's then outstanding unvested stock options and 50% of the Executive's then outstanding shares of restricted Company common stock (and 50% of any other then outstanding unvested equity-based awards) granted under the Company's 1999 Stock Incentive Plan, 1995 Combined Stock Option Plan, 1995 Long Term Restricted Stock Incentive Plan for Senior Management or any other stock-based compensation plan shall vest and any restrictions on such restricted stock shall lapse, and, in the case of stock options, become exercisable as of the date of Qualifying Termination (and remain exercisable for a period of six months thereafter, but in no event later than the originally scheduled expiration date without regard to the Qualifying Termination).

(d) **Accrued Salary and Vacation.** The Executive shall be paid all salary and accrued vacation pay earned through the date of the Executive's Qualifying Termination. Such payment shall be made no later than the first installment of the Severance Amount.

(e) Pro-Rata Bonus. The Executive shall become entitled to receive, in lieu of any payments that the Executive may be entitled to receive under the Company's annual incentive plan for the year in which the Qualifying Termination occurs, a lump-sum payment equal to the Executive's target annual bonus for the year in which the Qualifying Termination occurs, multiplied by a fraction, the numerator of which is the number of days elapsed in such year through the date of the Qualifying Termination, and the denominator of which is 365. Such payment shall be made at the same time that annual bonuses for such year are otherwise paid to the Company's officers.

(f) Outplacement Services. The Executive shall be entitled for the duration of the Severance Period to receive outplacement services, at a level consistent with his position immediately prior to the Qualifying Termination, to be provided by an outplacement services firm selected by the Company.

SECTION 2.02. No Executive shall be entitled to receive the benefits set forth in Section 2.01 unless he or she first executes a Release (substantially in the form of Exhibit A hereto) in favor of the Company and others set forth in Exhibit A relating to all claims or liabilities of any kind relating to his or her employment with the Company or a subsidiary thereof and the termination of such employment.

### **ARTICLE III**

#### **Nonqualifying Termination.**

SECTION 3.01. In the event the Executive's employment is terminated by reason of his voluntary resignation, death or Disability or by the Company for Cause, then the Executive shall not be entitled to receive severance or other benefits under this Agreement.

### **ARTICLE IV**

#### **Restrictive Covenants.**

SECTION 4.01. As an inducement to the Company to provide the payments and benefits to the Executive hereunder, the Executive acknowledges and agrees that, except as otherwise provided in Section 4.07, in the event of the Executive's termination of employment for any reason, the Executive agrees to comply with the restrictions set forth in Section 4.02 for a term measured in years and fractions thereof equal to the Executive's Severance Multiple (the "Non-Compete Term"), provided that if the Executive's employment is not terminated by reason of a Qualifying Termination (and therefore is not entitled to receive the payments and benefits set forth in Section 2.01 hereof), then the Executive need not comply with the restrictions set forth in Section 4.02.

SECTION 4.02. The Executive acknowledges and agrees that, except as otherwise provided in Section 4.07, so long as the Company complies with its obligations to provide the payments required under Section 2.01, the Executive shall not, directly or indirectly: (a) engage in or have any interest in any sole proprietorship, partnership, corporation or business or any other person or entity (whether as an employee, officer, director, partner,

agent, security holder, creditor, consultant or otherwise) that directly or indirectly (or through any affiliated entity) engages in competition with the Company during the Non-Compete Term; provided, however, that such provision shall not apply to the Executive's ownership of common stock of the Company or the acquisition by the Executive, solely as an investment, of securities of any issuer that is registered under Section 12(b) or 12(g) of the Exchange Act, and that are listed or admitted for trading on any United States national securities exchange or that are quoted on the National Association of Securities Dealers Automated Quotations System, or any similar system or automated dissemination of quotations of securities prices in common use, so long as the Executive does not control, acquire a controlling interest in or become a member of a group which exercises direct or indirect control of, more than five percent of any class of capital stock of such corporation; or (b) for himself or for any other person, firm, corporation, partnership, association or other entity: (i) employ or attempt to employ or enter into any contractual arrangement with any employee or former employee of the Company, unless such employee or former employee has not been employed by the Company for a period in excess of six months; (ii) call on or solicit any of the actual or targeted prospective clients of the Company on behalf of any person or entity in connection with any business competitive with the business of the Company; or (iii) make known the names and addresses of such clients or any information relating in any manner to the Company's trade or business relationships with such customers.

SECTION 4.03. The Executive acknowledges and agrees (whether or not the Executive is subject to the restrictions set forth in Section 4.02) not to disclose, either while in the Company's employ or at any time thereafter, to any person not employed by the Company, or not engaged to render services to the Company, any confidential information obtained by him while in the employ of the Company, including, without limitation, any of the Company's inventions, processes, methods of distribution or customers or trade secrets; provided, however, that this provision shall not preclude the Executive from disclosing information (a) known generally to the public or (b) not considered confidential by persons engaged in the business conducted by the Company or (c) to the extent required by law or court order. The Executive also agrees that upon leaving the Company's employ he will not take with him, without the prior written consent of an officer authorized to act in the matter by the Board any drawing, blueprint, specification or other document of the Company, its subsidiaries, affiliates and divisions, which is of a confidential nature relating to the Company, its subsidiaries, affiliates, and divisions, including, without limitation, relating to its or their methods of distribution, or any description of any formulae or secret processes.

SECTION 4.04. The Executive acknowledges and agrees that (a) the restrictive covenants contained in this Article IV are reasonably necessary to protect the legitimate business interests of the Company, and are not overbroad, overlong, or unfair and are not the result of overreaching, duress or coercion of any kind, (b) his full, uninhibited and faithful observance of each of the covenants contained in this Article IV will not cause him any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained herein will not impair his ability to obtain employment commensurate with his abilities and on terms fully acceptable to him or otherwise to obtain income required for the comfortable support of him and his family and the satisfaction of the needs of his creditors and (c) the restrictions contained in this Article IV are intended to be, and shall be, for the benefit of and shall be enforceable by, the Company's successors and permitted assigns.

SECTION 4.05. The Executive acknowledges and agrees that any violation of the provisions of Article IV would cause the Company irreparable damage and that if the Executive breaches or threatens to breach such provisions, the Company shall be entitled, in addition to any other rights and remedies the Company may have at law or in equity, to obtain specific performance of such covenants through injunction or other equitable relief from a court of competent jurisdiction, without proof of actual damages and without being required to post bond.

SECTION 4.06. In the event that any court of competent jurisdiction shall finally hold that any provision of this Agreement (whether in whole or in part) is void or constitutes an unreasonable restriction against the Executive, such provision shall not be rendered void but shall be deemed to be modified to the minimum extent necessary to make such provision enforceable for the longest duration and the greatest scope as such court may determine constitutes a reasonable restriction under the circumstances.

SECTION 4.07. Notwithstanding anything to the contrary in this Agreement, the provisions of Section 4.01 and 4.02 shall not apply to any Executive who is a party to an Executive Termination Agreement with the Company and who becomes entitled to receive Severance Payments (as defined in such Executive Termination Agreement) thereunder.

## **ARTICLE V**

### **Successors; Binding Agreement**

SECTION 5.01. In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

SECTION 5.02. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

## **ARTICLE VI**

### **Notices**

SECTION 6.01. All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be sufficiently given when mailed in the continental United States by registered or certified mail or personally delivered to the

party entitled thereto at the address stated below or to such changed address as the addressee may have given by a similar notice:

To the Company:  
Attention: Clerk  
Millipore Corporation  
290 Concord Road  
Billerica, MA 01821

To the Executive:  
c/o Millipore Corporation,  
with an additional copy to the Executive's home address.

**ARTICLE VII**  
**No Offset**

SECTION 7.01. There shall be no right of set-off or counterclaim in respect of any claim, debt or obligation against any payments to the Executive, his dependents, beneficiaries or estate, provided for in this Agreement.

**ARTICLE VIII**  
**Amendment or Modification; Waiver**

SECTION 8.01. No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver shall be authorized by the Board or any authorized committee of the Board and shall be agreed to in writing, signed by the Executive and by an officer of the Company thereunto duly authorized. Except as otherwise specifically provided in this Agreement, no waiver by either party hereto of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a subsequent breach of such condition or provision or a waiver of a similar or dissimilar provision or condition at the same time or at any prior or subsequent time.

**ARTICLE IX**  
**Governing Law; Submission to Jurisdiction**

SECTION 9.01. The validity, interpretation, construction performance and enforcement of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts without giving effect to the principles of conflict of laws thereof.

SECTION 9.02. (a) Except as otherwise specifically provided herein, the Executive and the Company each hereby irrevocably submits to the exclusive jurisdiction of federal and state courts in the Commonwealth of Massachusetts with respect to any disputes or

controversies arising out of or relating to this Agreement. The parties undertake not to commence any suit, action or proceeding arising out of or relating to this Agreement in a forum other than a forum described in this Section 9.02(a); provided, however, that nothing herein shall preclude the Company from bringing any suit, action or proceeding in any other court for the purposes of enforcing any judgment obtained by the Company and, in such event, the Executive hereby irrevocably submits to the jurisdiction of such other court.

(b) The agreement of the parties to the forum described in Section 9.02(a) is independent of the law that may be applied in any suit, action, or proceeding and the parties agree to such forum even if such forum may under applicable law choose to apply non-forum law. The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding brought in an applicable court described in Section 9.02(a), and each party agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court. The parties agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any suit, action or proceeding brought in any applicable court described in Section 9.02(a) shall be conclusive and binding upon the parties and may be enforced in any other jurisdiction.

(c) Each party hereto irrevocably consents to the service of any and all process in any suit, action or proceeding arising out of or relating to this Agreement by the mailing of copies of such process to such party at such party's address specified in Article VI.

## **ARTICLE X**

### **General Provisions**

SECTION 10.01. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.

SECTION 10.02. No right or interest to or in any payments shall be assignable by the Executive; provided, however, that this provision shall not preclude him from designating one or more beneficiaries to receive any amount that may be payable after his death and shall not preclude the legal representative of his estate from assigning any right hereunder to the person or persons entitled thereto under his will or, in the case of intestacy, to the person or persons entitled thereto under the laws of intestacy applicable to his estate.

SECTION 10.03. No right, benefit or interest hereunder shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect.

SECTION 10.04. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect to the fullest extent permitted by law.

SECTION 10.05. This Agreement (and the Executive Termination Agreement between the Executive and the Company) sets forth the entire understanding between the parties with respect to the subject matter hereof. All oral or written agreements or representations, express or implied, with respect to the subject matter of this Agreement are set forth in this Agreement (and the Executive Termination Agreement). All prior agreements, understandings and obligations (whether written, oral, express or implied) between the parties with respect to the subject matter hereof are terminated as of the date hereof and are superseded by this Agreement (and the Executive Termination Agreement).

SECTION 10.06. The Company may withhold from any amounts payable under this Agreement such Federal, state, local, foreign or other taxes as are required to be withheld pursuant to any applicable law or regulation.

SECTION 10.07. The headings of this Agreement are inserted for convenience only and neither constitute a part of this Agreement nor affect in any way the meaning or interpretation of this Agreement. When a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated.

SECTION 10.08. This Agreement may be executed in one or more counterparts (including via facsimile), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 10.09. The Executive may not cumulate the benefits provided under this Agreement with any severance or similar benefits ("Other Severance Benefits") that the Executive may be entitled to by agreement with the Company (including, without limitation, pursuant to an employment or termination agreement) or under applicable law in connection with the termination of his employment. To the extent that the Executive receives any Other Severance Benefits, then the payments and benefits payable hereunder to such participant shall be reduced by a like amount. To the extent the Company is required to provide payments or benefits to any Executive under the Worker Adjustment and Retraining Notification Act (or any state, local or foreign law relating to severance or dismissal benefits), the benefits payable hereunder shall be first applied to satisfy such obligation.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MILLIPORE CORPORATION

by /s/ Jeffrey Rudin

\_\_\_\_\_  
Name: Jeffrey Rudin

Title: Corporate Vice President

/s/ Martin D. Madaus

\_\_\_\_\_  
Martin D. Madaus

**EXHIBIT A****RELEASE AGREEMENT**

In consideration of the promises, payments and benefits provided for in the Officer Severance Agreement, dated as of January 1, 2005 (the "Severance Agreement"), between Millipore Corporation (the "Company") and Martin D. Madaus (the "Executive"), the Executive hereby agrees to the terms of this Release Agreement. Capitalized terms used and not defined in this Release Agreement shall have the meanings assigned thereto in the Severance Agreement.

The Executive acknowledges and agrees that the Company is under no obligation to offer the Executive the payments and benefits set forth in the Severance Agreement, unless the Executive consents to the terms of this Release Agreement. The Executive further acknowledges that he/she is under no obligation to consent to the terms of this Release Agreement and that the Executive has entered into this agreement freely and voluntarily.

Except as provided in paragraph 4 of this Release Agreement, the Executive voluntarily, knowingly and willingly releases and forever discharges the Company and its affiliates, together with its and their respective officers, directors, partners, shareholders, employees and agents, and each of its and their predecessors, successors and assigns (collectively, "Releasees"), from any and all charges, complaints, claims, promises, agreements, controversies, causes of action and demands of any nature whatsoever that the Executive or his/her executors, administrators, successors or assigns ever had, now have or hereafter can, shall or may have against the Releasees by reason of any matter, cause or thing whatsoever arising prior to the time of signing of this Release Agreement by the Executive. The release being provided by the Executive in this Release Agreement includes, but is not limited to, any rights or claims relating in any way to the Executive's employment relationship with the Company or any its Affiliates, or the termination thereof, or under any statute, including, but not limited to, the federal Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1990, the Americans with Disabilities Act of 1990, the Executive Retirement Income Security Act of 1974, the Family and Medical Leave Act of 1993, each as amended, and any other federal, state or local law or judicial decision.

The Executive acknowledges and agrees that the Executive shall not, directly or indirectly, seek or further be entitled to any personal recovery in any lawsuit or other claim against the Company or any other Releasee based on any event arising out of the matters released in paragraph 2 of this Release Agreement.

Nothing herein shall be deemed to release: (i) any of the Executive's rights under this Severance Agreement; or (ii) any of the vested benefits that the Executive has accrued prior to the date this Release Agreement is executed by the Executive under the employee benefit plans and arrangements of the Company or any of its affiliates.

The Executive acknowledges that the Company has advised the Executive to consult with an attorney of the Executive's choice prior to signing this Release Agreement. The Executive represents that the Executive has had the opportunity to review this Release Agreement with an attorney of the Executive's choice.

The Executive acknowledges that the Executive has been offered the opportunity to consider the terms of this Release Agreement for a period of at least twenty-one (21) days, although the Executive may sign it sooner should if desired by the Executive. The Executive further shall have seven additional days from the date of signing this Release Agreement to revoke the Executive's consent hereto by notifying, in writing, the General Counsel of the Company. This Release Agreement will not become effective until the eighth day after the date on which the Executive has signed it without revocation.

Dated:

---

Martin D. Madaus

**Exhibit 10.5**

NON-QUALIFIED  
Stock Option

Granted Under Millipore Corporation  
1989 Stock Option Plan for Non-Employee Directors

Stock Option granted by Millipore Corporation a Massachusetts corporation (the "Company") to \_\_\_\_\_ (the "Optionee"), pursuant to Millipore's 1989 Stock Option Plan for Non-Employee Directors (the "Plan").

1. Grant of Option

This certificate evidences the grant by the Company on \_\_\_\_\_ to the Optionee of an option to purchase, in whole or in part, on the terms herein provided, a total of \_\_\_\_\_ shares of Common Stock of the Company (the "Shares") at \$\_\_\_\_\_ per Share. The Final Exercise Date of this option (as that term is used in the Plan) is [date 10 years following date of grant stated above].

This option is exercisable in the following installments prior to the Final Exercise Date:

2. Exercise of Option

Each election to exercise this option shall be in writing, signed by the Optionee or by the Optionee's executor or administrator or the person or persons to whom this option is transferred by will or the applicable laws of descent and distribution (the "Legal Representative"), and received by the Company at its principal office, accompanied by this certificate and payment in full as provided in the Plan. The purchase price may be paid by delivery of cash, certified check, bank draft, money order, or other payment medium approved by the Company. In the event that this option is exercised by the Optionee's Legal Representative, the Company shall be under no obligation to deliver Shares hereunder unless and until the Company is satisfied as to the authority of the person or persons exercising this option.

3. Non-Transferability of Option

This option is not transferable by the Optionee other than by will or the laws of descent and distribution, and is exercisable during the Optionee's lifetime only by the Optionee.

4. Provision of the Plan

This option is subject to the provisions of the Plan.

5. Special Provisions

This option is automatically subject to the "Special Exercise Period" provided under the Plan (without further consent of the Company) if the optionee's services as a director terminate due to retirement at age 72 or such other age as the Board of Directors may determine from time to time.

IN WITNESS WHEREOF, the Company has caused this option to be exercised under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

Please acknowledge receipt of this certificate by signing and returning the enclosed copy of this letter to the attention of \_\_\_\_\_.

Very truly yours,  
MILLIPORE CORPORATION

\_\_\_\_\_  
[name]  
[title]

\_\_\_\_\_  
Date

Receipt and acceptance of the foregoing is hereby acknowledged:

\_\_\_\_\_  
[Name of Director]

\_\_\_\_\_  
Date

**Exhibit 10.6**

NON-QUALIFIED  
Stock Option

Granted Under Millipore Corporation  
1999 Stock Option Plan for Non-Employee Directors

Stock Option granted by Millipore Corporation a Massachusetts corporation (the "Company") to \_\_\_\_\_ (the "Optionee"), pursuant to Millipore's 1999 Stock Option Plan for Non-Employee Directors (the "Plan").

1. Grant of Option

This certificate evidences the grant by the Company on \_\_\_\_\_ to the Optionee of an option to purchase, in whole or in part, on the terms herein provided, a total of \_\_\_\_\_ shares of Common Stock of the Company (the "Shares") at \$\_\_\_\_\_ per Share. The Final Exercise Date of this option (as that term is used in the Plan) is [date 10 years following date of grant stated above].

This option is exercisable in the following installments prior to the Final Exercise Date:

2. Exercise of Option

Each election to exercise this option shall be in writing, signed by the Optionee or by the Optionee's executor or administrator or the person or persons to whom this option is transferred by will or the applicable laws of descent and distribution (the "Legal Representative"), and received by the Company at its principal office, accompanied by this certificate and payment in full as provided in the Plan. The purchase price may be paid by delivery of cash, certified check, bank draft, money order, or other payment medium approved by the Company. In the event that this option is exercised by the Optionee's Legal Representative, the Company shall be under no obligation to deliver Shares hereunder unless and until the Company is satisfied as to the authority of the person or persons exercising this option.

3. Non-Transferability of Option

This option is not transferable by the Optionee other than by will or the laws of descent and distribution, and is exercisable during the Optionee's lifetime only by the Optionee.

4. Provision of the Plan

This option is subject to the provisions of the Plan.

5. Special Provisions

This option is automatically subject to the "Special Exercise Period" provided under the Plan (without further consent of the Company) if the optionee's services as a director terminate due to retirement at age 72 or such other age as the Board of Directors may determine from time to time.

IN WITNESS WHEREOF, the Company has caused this option to be exercised under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

Please acknowledge receipt of this certificate by signing and returning the enclosed copy to my attention.

Very truly yours,  
MILLIPORE CORPORATION

\_\_\_\_\_  
Jeffrey Rudin  
Vice President

\_\_\_\_\_  
Date

Receipt and acceptance of the foregoing is hereby acknowledged:

\_\_\_\_\_

\_\_\_\_\_

Date

**Exhibit 10.7**

Date of Grant: \_\_\_\_\_

«First\_Name» «Last\_Name»

Dear «First\_Name»:

**NON-QUALIFIED STOCK OPTION GRANT**

Millipore Corporation (“Corporation”) hereby grants you an option to purchase \_\_\_\_\_ shares of its \$1.00 par value common stock (“Stock”).

This option is subject to the terms and conditions of the Millipore Corporation 1999 Stock Incentive Plan (the “Plan”) including the following terms and conditions:

1. The purchase price shall be \$\_\_\_\_\_ per share.
2. This option is exercisable, except as hereinafter provided, in whole or in part, at any time and from time to time as follows:

\_\_\_\_\_

This option must be exercised no later than \_\_\_\_\_. To the extent it shall not have been exercised, this option shall expire at 5:00 p.m. local time on \_\_\_\_\_.

3. This option may not be assigned or transferred except as may otherwise be provided by the terms of the Plan.
4. In the event of the end of employment with Millipore Corporation and its subsidiaries, for any reason including not-for-cause termination, all exercisable stock options granted herein must be exercised within ninety (90) days following the optionee’s employment termination date (i.e., last day worked), or be forfeited, except as follows:
  - (a) If you cease to be an employee due to retirement on or after age 62 and with ten years of service with the Corporation, you will be entitled to a Special Exercise Period which will begin on the date of your termination of employment and will end on the earlier of the 5th anniversary of such termination date or \_\_\_\_\_. During the Special Exercise Period, the option will be exercisable to the same extent it would have been had you remained employed by the Corporation. In the case of death during a Special Exercise Period, each Option will be exercisable during the remainder of such period to the extent it would have been exercisable had you lived.
  - (b) In the event of your death during employment, each Option will be exercisable until the earlier of (1) the first anniversary of your date of death and (2) the original expiration date of the Option to the extent the Option was exercisable by you at the time of your death.

- (c) If your employment is terminated for “Cause”, all granted but unexercised stock options shall be forfeited on your employment termination date.
- 5. This option may be exercised only by serving written notice on the Treasurer or the Clerk of the Corporation or his designee. Payment of the option price may be made with cash or previously owned Millipore shares. Cash payments must be in U.S. dollars. Exchange of shares will be made at fair market value on the day of exercise. You shall have the rights of a stockholder only as to shares of Stock actually delivered to you.
- 6. Millipore Corporation unilaterally grants this option on a one-time discretionary basis only and without any entitlement to obtain the same opportunity in the future.
- 7. In the event of the end of employment with Millipore Corporation and its subsidiaries, for any reason including not-for-cause termination, all non-exercisable stock options on the optionee’s employment termination data (i.e., last day worked) are forfeited.

Please acknowledge receipt of this letter by signing and returning the enclosed copy of this letter to the address below. You will not be permitted to exercise any options under this grant without this signed acknowledgment.

Very truly yours,  
MILLIPORE CORPORATION

/s/ Kathleen Stearns

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Kathleen Stearns  
Corporate Vice President  
Human Resources

Please return the signed copy of this Agreement to:

Ms. Cheryl Milroy  
Mail Stop HQ Pay  
Millipore Corporation  
290 Concord Road  
Billerica, Massachusetts 01821-7037  
USA

Receipt and acceptance of the foregoing is hereby acknowledged:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Exhibit 21.1****SUBSIDIARIES OF MILLIPORE CORPORATION**

<b>Company Name</b>	<b>Jurisdiction of Organization</b>
Amicon Ltd.	United Kingdom
Bioprocessing Corporation Limited	United Kingdom
Bioprocessing Limited	United Kingdom
Millilux S.a.r.L.	Luxembourg
Millipore Asia Ltd.	Delaware
Millipore Korea Co. Ltd.	Korea
Millipore Singapore Pte. Ltd.	Singapore
Millipore Cidra, Inc.	Delaware
Millipore (Canada) Ltd.	Canada
Millipore S.A. de C.V.	Mexico
Millipore GesmbH	Austria
Millipore Kft	Hungary
Millipore S.R.O.	Czech Republic
Millipore Sp.z.o.o.	Poland
Millipore International Holding Company B.V.	Netherlands
Millipore S.A./N.V.	Belgium
Millipore (U.K.) Ltd.	United Kingdom
Millipore S.A.S.	France
Millipore Ireland B.V.	Netherlands
Millipore Dublin International Finance Company	Ireland
Millipore GmbH	Germany
Millipore S.p.A.	Italy
Millipore AB	Sweden
Millipore AS	Norway
Millipore AG	Switzerland
Millipore A/S	Denmark
Millipore Australia Pty. Ltd.	Australia
Millipore Cork	Ireland
Millipore Iberica S.A.	Spain
Millipore Industria E Comercio Ltda.	Brazil
Millipore OY	Finland
Millipore B.V.	Netherlands
Millipore China Ltd.	Hong Kong
Millipore S.a.r.L.	Luxembourg
Millipore Pacific Limited	Delaware
Millipore (Shanghai) Trading Company Ltd.	China
Minerva Insurance Co. Ltd.	Bermuda
Nihon Millipore Limited	Japan

**EXHIBIT 23.1****CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File Nos. 2-91432, 2-72124, 2-85698, 2-97280, 33-37319, 33-37323, 33-59005, 33-55613, 33-10801, 33-11790, 333-79227, 333-90127, 333-30918, and 333-103844), Form S-3 (File Nos. 2-84252, 33-9706, 33-22196, 33-47213, 333-23025, and 333-80781) and Form S-4 (File Nos. 33-58117 and 33-48960) of Millipore Corporation of our report dated March 16, 2005 relating to the financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
Boston, Massachusetts  
March 16, 2005

**EXHIBIT 24.1****POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Directors and Officers of Millipore Corporation (the "Corporation"), do hereby constitute and appoint Martin D. Madaus, Kathleen Allen and Jeffrey Rudin and each of them individually, their true and lawful attorneys and agents to execute on behalf of the Corporation the Form 10-K Annual Report of the Corporation for the fiscal year ended December 31, 2004, and all such amendments or additional instruments related thereto which such attorneys and agents may deem to be necessary and desirable to enable the Corporation to comply with the requirements of the Securities Exchange Act of 1934, as amended, and any regulations, orders, or other requirements of the United States Securities and Exchange Commission thereunder in connection with the preparation and filing of said documents, including specifically, but without limitation of the foregoing, power and authority to sign the names of each of such Directors and Officers on his behalf, as such Director or Officer, as indicated below to the said Form 10-K Annual Report or documents filed or to be filed as a part of or in connection with such Form 10-K Annual Report; and each of the undersigned hereby ratifies and confirms all that said attorneys and agents shall do or cause to be done by virtue thereof.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
/s/ MARTIN D. MADAUS <hr/> <b>Martin D. Madaus</b>	Director	February 10, 2005
/s/ DANIEL BELLUS <hr/> <b>Daniel Bellus</b>	Director	February 10, 2005
/s/ ROBERT C. BISHOP <hr/> <b>Robert C. Bishop</b>	Director	February 10, 2005
/s/ MELVIN D. BOOTH <hr/> <b>Melvin D. Booth</b>	Director	February 10, 2005
/s/ MAUREEN A. HENDRICKS <hr/> <b>Maureen A. Hendricks</b>	Director	February 10, 2005
/s/ MARK HOFFMAN <hr/> <b>Mark Hoffman</b>	Director	February 10, 2005
/s/ RICHARD J. LANE <hr/> <b>Richard J. Lane</b>	Director	February 10, 2005
/s/ JOHN F. RENO <hr/> <b>John F. Reno</b>	Director	February 10, 2005
/s/ EDWARD M. SCOLNICK <hr/> <b>Edward M. Scolnick</b>	Director	February 10, 2005
/s/ KAREN E. WELKE <hr/> <b>Karen E. Welke</b>	Director	February 10, 2005

**Exhibit 31.1****CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Martin D. Madaus, certify that:

1. I have reviewed this annual report on Form 10-K of Millipore Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2005

/s/ Martin D. Madaus

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**Martin D. Madaus**  
President and Chief Executive Officer

**Exhibit 31.2****CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Kathleen B. Allen, certify that:

1. I have reviewed this annual report on Form 10-K of Millipore Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2005

/s/ Kathleen B. Allen

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**Kathleen B. Allen**  
Vice President and Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Millipore Corporation (the "Company") on Form 10-K for the fiscal year ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, Martin D. Madaus, Chief Executive Officer of the Company, and Kathleen B. Allen, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Martin D. Madaus \*

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**Martin D. Madaus**  
President and Chief Executive Officer  
March 16, 2005

/s/ Kathleen B. Allen \*

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**Kathleen B. Allen**  
Vice President and Chief Financial Officer  
March 16, 2005

\* - A signed original of this written statement required by Section 906 has been provided to Millipore Corporation and will be retained by Millipore Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 99.1****Millipore Files SEC Annual Report on Form 10-K, Confirms 2004 results**

BILLERICA, Mass.—(BUSINESS WIRE)—March 16, 2005—Millipore Corporation (NYSE:MIL) announced that it filed its annual report on Form 10-K today. In its January 27, 2005 earnings release, the company indicated that there was an open question as to whether some or all of a fourth quarter 2004 tax benefit should have been recorded in an earlier period. The company has confirmed that the tax rate as originally reported in the earnings release for the fourth quarter and the full year was correct.

**About Millipore**

Millipore is a multinational, high technology company that provides technologies, tools and services for the development and production of new therapeutic drugs. It serves the life science research, biotechnology and pharmaceutical industries. For more information about Millipore visit [www.millipore.com](http://www.millipore.com).

**CONTACT:** Millipore Corporation

**Investor Contact:**

Geoffrey Helliwell, 978-715-1041 or 800-225-3384

[Geoffrey\\_Helliwell@Millipore.com](mailto:Geoffrey_Helliwell@Millipore.com)

or

**Media Contact:**

Thomas Anderson, 978-715-1043 or 800-225-3384

[Thomas\\_Anderson@Millipore.com](mailto:Thomas_Anderson@Millipore.com)