



**Martin D. Madaus**  
Chairman, President and CEO

Dear Shareholder,

Many of us know a family member or friend who suffers from a serious ailment or disease where neither an effective treatment nor a cure has been found.

Yet, we constantly hear about new scientific discoveries in the life science industry that are helping to advance our understanding of the human body. Why is there such a disconnect? The problem is that it is difficult to translate this knowledge and apply these new insights to help solve challenging human health issues.

**Welcome to our world. This is what we do.**

Every day, Millipore employees are working on ways to apply new insights that solve scientific problems. We are helping our customers to advance their research, develop new therapies, and manufacture new biopharmaceuticals.

Millipore, once known solely for its filtration technologies, has become one of the leading brands in the life science tools industry. We hold a critical and indispensable position with our customers.

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2007 was another successful year as we continued to transform Millipore into one of the leading life science companies in the world. From a financial perspective, we generated six percent organic revenue growth, increased our non-GAAP operating margin from 18.7 percent to 20.3 percent, and increased our cash flow from operations by \$75 million. Operationally, we launched a record number of new products and successfully integrated Serologicals, the largest acquisition Millipore has ever completed. The capabilities we gained from Serologicals are critical to enabling the execution of our long-term strategy.

### **A balanced business portfolio**

One goal of our strategy was to provide more balance between our biopharmaceutical manufacturing business, which is long-term and concentrated among relatively few customers, and our laboratory research business, which serves a greater number of customers and provides attractive growth opportunities. In 2005, the starting point of our new strategy, we had a strong position in biopharmaceutical manufacturing, but only a niche position in the laboratory research market, which is five times larger than the biopharmaceutical manufacturing market.

Today, our Bioscience Division is much more than a niche provider. By generating growth organically and through acquisitions, we have almost doubled the revenues of the division. Today, the Bioscience Division represents 43 percent of the Company's revenues. Over time, our larger presence in this attractive market will enable Millipore to drive higher market share. We have expanded our capabilities in important fields such as cell biology and protein research, and we are a major provider of tools and services for the drug discovery market. The combination of our worldwide sales and service organization and our strong brand has made us a significant player in this large and growing market.

We have almost doubled the revenues of our Bioscience Division, which today represents 43 percent of the Company's revenues.

By building a company with a balanced business portfolio across attractive market segments, we can more effectively manage Millipore's business for both short-term and long-term financial performance. This balance enabled us to grow our non-GAAP earnings per share by 16 percent during 2007.

### **New and innovative products**

During the year, we focused on improving the way that we innovate and launch new products. Our business is driven by scientific advances. Therefore, new products with improved features and higher performance drive customer demand, defend our franchise, and help us to gain market share. We launched several new products, improved our R&D pipeline, and formed or advanced strategic alliances to help us bring new products to the market.

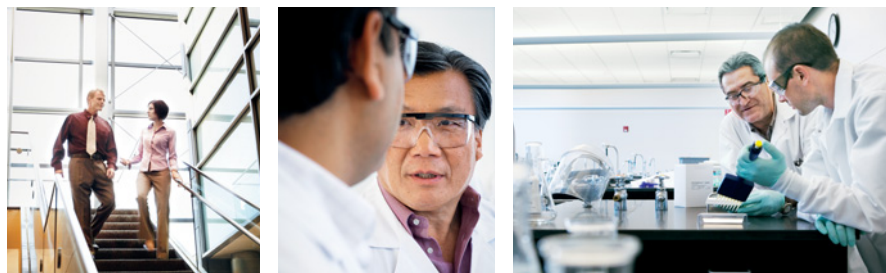
Our Bioprocess Division strengthened its core product portfolio and increased its number of new product launches from 8 products in 2006, to 15 products in 2007. Some examples of these new products include a new chromatography media that has the highest capacity and flow rate of any comparable product on the market, and a new range of disposable mixers that combine technologies from two of our acquired companies.



Milli-Q® Advantage was one of the most successful product launches in Millipore's history.

In the laboratory research market, we also had success with new product introductions. The launch of our new lab water product, Milli-Q® Advantage, was one of the most successful product launches in Millipore's history. We are also pleased with our customers' response to our G-Protein Coupling Receptor (GPCR) cell lines and multiplexing kits, which we offer in our Drug Discovery business.

Our R&D strategy has shifted toward incorporating more technologies developed by partners. Leading companies look to partner with Millipore because we can combine our expertise, sales channels, and products with their technologies to bring new innovations to the market. During the year, we formed new alliances with Novozymes and Rohm & Haas and we made meaningful progress in existing partnerships with Novo Nordisk, Luminex, Cellumen, Siemens, and Gen-Probe. We announced the commercial release of the first MilliPROBE™ product from our partnership with Gen-Probe. MilliPROBE™ is designed to increase the speed and accuracy of testing for contaminants in biopharmaceutical manufacturing. In summary, we have strengthened our ability to bring innovative, new products to the market.



## Building the New Millipore

### Rebranding

During 2007, we rebranded Millipore to reflect our transformation into a life science leader. The new brand is the cornerstone of our communication efforts around the new Millipore. A much bolder and more colorful branding visually communicates a stronger, more energized company with significantly greater capabilities and growth opportunities. Our new tagline: Advancing Life Science Together, represents what the new Millipore is all about. We help our customers to advance their research, development and production activities through our products, services, and intimate customer relationships.

### E-business platform

Today, more and more customers go to the web first to find the products and technologies they need. In recognition of this trend, we have invested in a new e-business platform that is built around our customers' needs for comprehensive web-based information with easy-to-use navigation and sophisticated search capabilities. We launched the new Millipore website in the third quarter of 2007. The number of visits and the increase in online sales indicate that it has been a big success. We will also be providing new learning centers and collaborative tools on the website that will help scientists find answers to difficult questions.

Our five values: passion, innovation, execution, teamwork and integrity are embedded in our operations.

As a result of these initiatives, we expect traffic on Millipore.com to double in 2008, which will help to increase the awareness of our new capabilities and broader product portfolio. Over the long-term, we expect a stronger presence on the web will help us to meaningfully grow our sales.

### Millipore culture

Changing people's hearts and minds is the ultimate challenge for a true transformation.

The ongoing cultural shift at Millipore is real. Our five values: passion, innovation, execution, teamwork and integrity are embedded in our operations. We kept our passion for the customer and our high standards for integrity and quality, but we have a larger appetite for growth. To increase our growth, we have tackled larger obstacles as a management team, such as the large and complex integration of Serologicals.

We are becoming a magnet for talent in the industry. In 2007, we hired more than 1,200 employees alone. Millipore offers prospective and current employees unique opportunities to drive innovation and create value in an attractive segment of the healthcare industry.

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## Sustainability

The IPCC (Intergovernmental Panel on Climate Change) is projecting accelerated global climate change with severe ramifications for the world's natural resources. Companies and individuals must change to make their contribution to the environment by reducing their consumption of nonrenewable energy resources such as oil and coal. I believe that operating in an environmentally sustainable way is going to become a core mandate for any leading and ethical company.

We are focusing our efforts on the parts of our operations where we can reduce our global carbon footprint and waste. As a fully integrated manufacturer of plastic-based products, we have chosen to reduce our waste, increase our consumption of energy from renewable sources, increase our recycling of materials, and reduce our use of environmentally harmful chemicals. These are our clear priorities for establishing environmental sustainability at Millipore.

We are an active participant in the Carbon Disclosure Project, and we are in the process of creating long-term goals for the reduction of our green-house gas emissions. We also joined the Climate Leaders Network. Operationally, we have improved energy efficiency in our manufacturing plants; and we have increased the fuel efficiency of our U.S. car fleet, which now consists of a high number of hybrid-vehicles. We started to roll out new packaging with 100 percent recycled materials, we have reduced water consumption by 17 million gallons, and we are evaluating the feasibility of using non-oil based materials for our products.

The changes Millipore is making must go hand-in-hand with changes we make as individuals. Without individual behavioral changes, we will not have the long-term impact needed to address the environmental problems we face. It is my conviction that voluntary and collective

We are on track to transform Millipore into a stronger company with expanded capabilities.

actions are now essential. I encourage you to visit our website for much more detailed information about Millipore's sustainability programs.

### Successfully executing our five-year strategy

In 2005, I shared Millipore's strategic plan to transform the Company into a life science leader. Today, more than three years into that five-year plan, I am confident that we are on track to achieve our strategic initiatives. Over the past three years we have:

- Built a larger scale company: Expanded into new markets and increased our scale on a worldwide basis. Revenues on a compound annual basis have grown by 20 percent since 2004. This performance includes the impact from four acquisitions. Additionally, we have averaged 8 percent organic revenue growth over the past three years.

- Expanded our footprint in Asia to accelerate our growth in this exciting region.

- Dramatically improved profitability: non-GAAP operating margin has increased from 16.8 percent in 2004 to 20.3 percent in 2007. This marked improvement is from our initiatives to lower our supply chain costs, drive operating leverage, and build a more profitable product portfolio.

- Improved the efficiency of our global supply chain. We have closed six manufacturing facilities; transferred 76 product lines; launched 380 Lean Six Sigma projects; and drastically reduced our number of suppliers.



## Outlook for 2008

The top priorities for Millipore in 2008 are:

### 1. Expand our presence in fast growing markets

We will focus our resources on fast growing segments such as disposable manufacturing for biotechnology customers, drug discovery products and services, as well as cell biology and protein research. From a geographic perspective, we will continue to expand our Asian operations as we invest in people, training and infrastructure.

### 2. Extend and expand our product portfolio through focused R&D investments, alliances and small acquisitions

Product line extensions in core technologies such as filtration remain essential for our success. We will grow our new product development pipeline and increase our number of product launches.

### 3. Build brand equity

We will continue to execute our re-branding initiative with major re-packaging projects and new promotional campaigns aimed at broadly communicating the new capabilities and products of Millipore. These new capabilities will make us an even more critical partner to our customers.

### 4. Improve cash flow

We expect another year-over-year improvement in our free cash flow and we are committed to further reducing our debt. We will also use some of our free cash flow to invest in initiatives that help to drive growth.

Millipore is a company that has changed a lot over the past three years. I appreciate your support of our mission to play a larger role in advancing life science with our customers.

I am grateful for the dedication of our employees and the ongoing support we have received from our customers and partners. Millipore is well positioned for sustainable growth in the future. As science keeps advancing, we will advance with it, providing new insights and new technologies that help our customers to make progress toward improving people's lives.

Sincerely,

**Martin D. Madaus**  
Chairman, President and CEO

## Safe Harbor Statement

*The matters discussed herein, as well as in future oral and written statements by management of Millipore Corporation that are forward-looking statements, are based on current management expectations that 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.*

*Potential risks and uncertainties that could affect Millipore's future operating results include, without limitation, failure to achieve design wins into our pharmaceutical and biotechnology customers' manufacturing design phase for a particular drug; delay, suspension or termination of a customer's volume production; fluctuations in the timing of customers' orders; lack of availability of raw materials or component products on a timely basis; regulatory delay in the approval of new therapeutics; limitations on cash flow for operations and investment due to debt service obligations; the inability to establish and maintain necessary product and process quality levels; reduced demand for cell culture products using bovine serum; the inability to realize the expected benefits of development, marketing, licensing and other alliances; competitive factors such as new membrane or chromatography technology; risks relating to our concentration of principal manufacturing operations; the inability to successfully integrate acquired businesses; the inability to utilize technology in current or planned products due to overriding rights by third parties; potential environmental liabilities; conditions in the economy in general and in the bioscience and bioprocess markets in particular; foreign exchange fluctuations; reduced private and government research funding; exposure to product liability claims; and difficulties inherent in transferring or outsourcing of manufacturing operations. Please refer to our filings with the SEC, including our most recent Annual Report on Form 10-K, for more information on these and other risks that could cause actual results to differ.*