PUBLIC CASH OFFER BY BASF SE

FAIRNESS OPINION FOR THE ATTENTION OF THE BOARD OF CIBA HOLDING INC

15 September 2008

Perella Weinberg Partners

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DEFINITIONS AND ABBREVIATIONS

BASF	*BASF SE*
Board	*The board of directors of Ciba*
Ciba or the Company	*Ciba Holding Inc, together with all its subsidiaries*
CEO	*Chief Executive Officer*
CFO	*Chief Financial Officer*
CHF	*Swiss Francs*
DCF	*Discounted Cash Flow*
Diluted Shares Outstanding	*The total number of Ciba shares, on a diluted basis, calculated as the number of issued shares less treasury stock plus the dilutive effect of shares arising from the exercise of in-the-money share options (calculated under the treasury stock method)*
EBIT	*Earnings Before Interest and Tax*
EBITDA	*Earnings Before Interest, Tax, Depreciation and Amortization*
Enterprise Value	*The sum of equity value, net financial debt and minority interests, less investments in associates, plus adjustments for environmental provisions and unfunded pension obligations (post tax)*
EPS	*Earnings Per Share*
Equity Value	*The equity market value of the Company, calculated as Diluted Shares Outstanding multiplied by the share price*
Fairness Opinion	*This document, which constitutes Perella Weinberg Partners' opinion as to whether the Offer is fair, from a financial point of view, to Ciba shareholders*
IBES	*Institutional Brokers' Estimate System*

DEFINITIONS AND ABBREVIATIONS (continued)

Management Projections	*The financial forecasts for Ciba prepared by the Company's executive management which consist of financial projections from 2008 to 2013*
Net Income	*Revenues plus other income less all operating costs, depreciation, amortization of non-goodwill intangibles, interest expense, minority interest expense and taxes.*
Offer	*The recommended cash offer for Ciba at a level of CHF 50 per share announced by BASF*
Perella Weinberg Partners	*Perella Weinberg Partners UK LLP*
PGR	*Perpetuity growth rate*
Shareholders	*Holders of shares in Ciba*
WACC	*Weighted-Average Cost of Capital*

PERELLA WEINBERG PARTNERS

I. INTRODUCTION

A. Background

Ciba *(1)*

Ciba Holding Inc. ("Ciba" or "the Company") is a manufacturer of specialty chemicals which are added in small quantities to improve existing qualities or add new qualities to materials at every stage of their production processes. Ciba also offers a wide range of knowledge-based services and expertise, providing customers with complete solutions to enhance their businesses. Ciba serves several major markets including the Automotive, Packaging, Home & Personal Care, Paper and Printing, Construction, Electronics, Water Treatment and Agriculture industries, and is organised in three market-focused segments: Plastic Additives, Coating Effects and Water & Paper Treatment. Ciba employs more than 13,000 people worldwide and generated sales of CHF 6.5 billion and invested CHF 262 million in R&D in 2007.

Ciba is registered in the Commercial Register of the canton Basel-City with registered number CH-270.3.002.356-5, and its registered office and headquarters are at Klybeckstrasse 141, 4057 Basel, Switzerland.

The Company's issued share capital as at 30 June 2008 was CHF 69,064,617, comprising 69,064,617 issued registered shares with a nominal value of CHF 1 each, of which approximately 2.1 million were treasury shares. The Company's shares are listed on the SWX Swiss Exchange. As at 4 September 2008, the day prior to speculation that Ciba might be a takeover target for BASF or certain other potential buyers, Ciba's equity market capitalisation was approximately CHF 2 billion.

Ciba became independent in January 1997, having been formed from the specialty chemical operations of the former Ciba-Geigy Limited when that company merged with Sandoz Limited to form Novartis AG.

BASF *(1)*

BASF SE ("BASF") is one of the world's leading chemical companies, aiming to make its customers more successful through intelligent system solutions and high-quality products. With over 95,000 employees as well as close to 100 large and a multitude of smaller production sites worldwide, BASF serves customers and partners in almost all countries of the world. The BASF portfolio comprises the following segments: Chemicals; Plastics; Performance Products; Functional Solutions; Agricultural Solutions; and Oil & Gas. In 2007, BASF posted sales of Euro 58 billion and income before special items of approximately Euro 7.6 billion.

(1) Source: annual reports and company websites

I. INTRODUCTION (continued)

BASF's shares are listed on the Xetra and Frankfurt exchanges of the Deutsche Borse. As at 4 September 2008, BASF's equity market capitalisation was approximately CHF 58.1 billion. As at 5 September 2008, BASF held 1,011,536 Ciba shares.

The Offer

On 15 September 2008, BASF announced a recommended cash offer for the Company of CHF 50 per share (the "Offer"). The Offer represents a premium of approximately 64% to the volume-weighted average price for Ciba shares of CHF 30.44 over the 60 trading days prior to the day of announcement, and values Ciba at approximately CHF 3.4 billion on an equity value basis.

B. Appointment of Perella Weinberg Partners

The Board of Directors of Ciba (the "Board") has appointed Perella Weinberg Partners UK LLP ("Perella Weinberg Partners") as an independent financial adviser solely for the purpose of providing an opinion as to whether the price offered by BASF for each share in Ciba is fair, from a financial point of view, to Ciba shareholders ("Shareholders"). This document constitutes the Fairness Opinion, which is intended exclusively for the Board as part of its report to Shareholders concerning the Offer. The Fairness Opinion may only be published in connection with the Board report and may not be used or published independently or in another context or for any other purpose.

The Fairness Opinion is based on market data as at 5 September 2008, although certain key valuation analyses are based on market data as at 4 September 2008, the day prior to speculation that Ciba might be a takeover target for BASF or another potential buyer. The Fairness Opinion was presented to the Board on 10 September 2008.

The Fairness Opinion does not constitute a recommendation to Shareholders to tender their shares to BASF under the Offer or to reject the Offer and makes no reference to the likelihood or relative benefits of any alternative transaction. The Fairness Opinion does not contain either an assessment of the consequences which could arise from accepting or rejecting the Offer, nor an assessment regarding the future value of the shares which are not tendered, nor an opinion regarding the question of whether such shares will be traded after completion of the Offer and if so, at what prices.

The Fairness Opinion exclusively addresses the fairness of the Offer from a financial point of view; it does not address any other issues such as the underlying business decision of the Company to enter into the transaction, the relative merits of the transaction as compared to strategic alternatives which might be available to the Company, the likely timeframe in which the transaction will be consummated nor the legal, regulatory, tax or accounting issues related to the Offer.

I. INTRODUCTION (continued)

Perella Weinberg Partners is not providing any opinion as to whether another offeror might be willing to pay a higher price for Ciba than the price offered by BASF, whether other strategic options for Ciba would or would not create greater value for Ciba shareholders than BASF's offer, nor as to the price level at which Ciba shares might trade in the future.

II. INFORMATION BASIS

In connection with the Fairness Opinion, Perella Weinberg Partners has made use of the following information:

(i) Annual and interim reports issued by the Company to Shareholders, specifically: the 2005, 2006 and 2007 Annual Reports; the first quarter results (and supplemental information) for 2008; and the first half results (and supplemental information) for 2005 - 2008;

(ii) Information from the Company's website and press releases;

(iii) Ciba's articles of association;

(iv) Publicly available equity research analyst reports on the Company;

(v) Internal financial analyses and forecasts for the Company for 2008 – 2013, prepared by its management and approved for our use by the Company, which together constitute the Management Projections;

(vi) Discussions with the executive management of the Company regarding their assessment of the past and current business operations, financial conditions and future prospects of the Company;

(vii) Reported price and trading activity for the Company's shares;

(viii) Certain financial and stock market information (Sources: FactSet, Bloomberg, and annual reports, etc) for Ciba and for selected publicly traded companies considered suitable for comparison with Ciba; and

(ix) Certain financial and market information (Sources: FactSet, Bloomberg, annual reports, Mergermarket, company press releases, etc) regarding business transactions between companies in the Specialty Chemicals industry considered suitable for comparison with Ciba.

The Management Projections form part of the Company's current business plan, which has been developed by Ciba's executive management as part of the regular budget and planning process. The Management Projections were reviewed by the Board on 15–16 June 2008 and have not been disclosed to the public. During our detailed discussions with the executive management of Ciba, they confirmed to us that the Management Projections have been prepared with due care and attention and reflect their best estimates and judgments (on the basis of the information currently available to them) as to the future financial performance of the Company. For the purposes of rendering the Fairness Opinion, we have relied upon the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by us and have not independently verified such information.

II. INFORMATION BASIS (continued)

In addition, we have not made an independent evaluation or appraisal of the assets and/or liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company or of any of its subsidiaries nor have we visited or physically inspected any of the sites operated by Ciba. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect, and the information made available to us, prior to the date the Fairness Opinion was delivered and we have no duty to update such opinion to take into account developments after the date hereof.

The overall nature of the study undertaken by us, and the scope of our analysis and investigation, as well as the form and substance of our Fairness Opinion, is such as we deem appropriate in the circumstances.

III. CORPORATE PROFILE

A. Overview

Ciba consists of three principal business segments:

Plastic Additives' goal is to leverage its strong position in the polymer additives market to provide a wide range of specialty effects. For example, Lubricant Additives continues to meet higher engine performance needs with environmentally friendly solutions, while Home & Personal Care's goal is to extend the breakthrough achieved with its range of UV absorbers for sunscreens and laundry detergents to other specialties by leveraging its technological strengths in existing relationships with global home and personal care industry customers. The segment serves the following key markets:

(i) Plastics (additives and colourants);

(ii) Lubricants & Fuels (antioxidants, anti-wear additives, metal deactivators, corrosion inhibitors and pour point depressants);

(iii) Home & Fabric Care (white care UV protection, colour care comfort enhancement, photocatalyst hygiene, long-lasting freshness viscosity control, product colours, product stabilisation and stain removal); and

(iv) Personal Care (antimicrobials, functional silicones, UV-absorbers, rheology modifiers, conditioning polymers, ingredient protectants, product colours, hair colours, moisturizers and encapsulated actives).

Coating Effects' target is to build on its strong position as a supplier of high-performance pigments, photo-initiators, UV absorbers and colorants in its various coatings markets through a significant commitment to research and development. Its aim is to increase the percentage of new products it offers to customers across all of the markets it serves. The segment serves the following key markets:

(i) Paints;

(ii) Imaging & Inks;

(iii) Electronics; and

(iv) Plastics.

Key products include pigments, pigment preparations, special dyes, algicides, antioxidants, light-stabilizers, corrosion inhibitors, dye stabilizers, photo-initiators and optical brighteners.

III. CORPORATE PROFILE (continued)

Water and Paper Treatment has different strategies for the two principal parts of the business. The Water business strategy is based on global products providing local solutions to drive global expansion, particularly in rapidly developing markets and regions. The Paper business focuses on market segments and specific customers' needs based on Ciba's product leadership and process capability. The segment serves the following key markets:

(i) Water Management;

(ii) Mining and Oil;

(iii) Agriculture; and

(iv) Papermaking.

In terms of specific products, Ciba's flocculants, coagulants and retention aids improve the separation of solid/liquid mixtures resulting in process improvements, while the Company's colorants, whiteners, fluoro-chemicals and colour formers enhance the look and quality of paper.

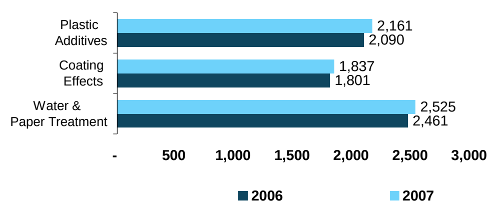
The following tables and charts illustrate the split of sales and operating profits between the three business segments described above:

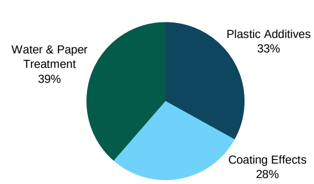
Figure 1: Segmental Split of Ciba's 2007 Revenues and Operating Profits

SALES (in millions CHF)

	2007	2006	percentage change in CHF	percentage change in local
PA	**2,161**	2,090	+3	+3
CE	**1,837**	1,801	+2	+2
WPT	**2,525**	2,461	+3	+1
Total	**6,523**	6,352	+3	+2

PA - Plastic Additives
CE - Coating Effects
WPT - Water & Paper Treatment

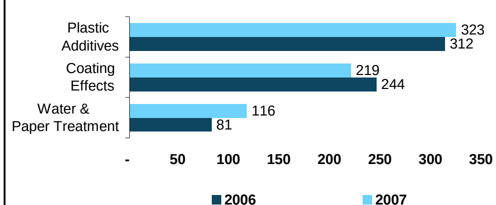


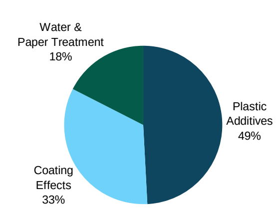


Operating Income (in millions CHF)

	2007	2006	percentage change in
PA	**323**	312	+3
CE	**219**	244	-10
WPT	**116**	81	+43
Corporate	**(106)**	(106)	
Total	**552**	531	+4

(1) before restructuring and other charges





Source: Ciba 2007 Annual Report

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III. CORPORATE PROFILE (continued)

B. Business Strategy and Market Environment

Outlook at the Beginning of 2008

In the "letter to shareholders" from the Chairman and CEO of Ciba published in Ciba's annual report for the year ended 31 December 2007, the following key achievements and opportunities were identified:

(i) Sales increased by 3 per cent. in Swiss francs and 2 per cent. in local currencies over 2007. This growth was mainly driven by Asia, with double digit rates in China. Europe and the Americas showed a mixed picture and overall were on a par with 2006.

(ii) The Operational Agenda delivered substantial savings of more than CHF 95 million in 2007, higher than the originally anticipated CHF 60 - 70 million. Improvements in cost structure of CHF 400 - 500 million are expected by 2009. The Operational Agenda is Ciba's program for improving operational performance, including closing legal entities and production sites to streamline Ciba's geographical footprint; reducing production costs through the Lean Manufacturing initiative; introducing a new pricing model in Marketing and Sales; and rolling out a SAP IT system. Restructuring costs of CHF 118 million were incurred in 2007.

(iii) Ciba invests CHF 260 to 270 million per year in Research & Development. Based on a comprehensive analysis of the Company's technological capability, Ciba has developed a new focused approach to innovation. For the future, Ciba will strengthen its R&D efforts with a clearer focus on areas where it can significantly leverage its technological core competencies and see the highest growth and profit potential.

The letter went on to note that the Chairman and CEO were *"expecting 2008 to be another demanding year for the Specialty Chemicals sector, as the outlook for the economy is uncertain and raw material costs are expected to remain high. However, assuming no significant deterioration in business conditions, going forward we believe we will achieve sustainable annual sales growth in local currencies in line with global gross domestic product, as well as an increase in operating income of around 10 per cent. per year."*

Environment Year-to-Date

In Ciba's interim results announcement for the quarter ended 31 March 2008, Ciba's CEO commented as follows:

"We have not had the strong start to the year that we were anticipating a few months ago. Dramatic changes in the currency and raw material environment had an adverse effect on the first quarter results and although in general we are seeing good underlying growth in many of our markets, we are also clearly starting to feel the impact of the economic slowdown on overall sales growth. This is particularly apparent in NAFTA, where growth has slowed and in Europe, where we are experiencing weakness in a number of industries. Asia and the Middle East are proving to be more resilient."

"We expect this trend to continue in 2008, with some markets delivering good growth, and others slowing. In the short term, we will address underperforming areas of the business and focus on increasing sales prices on an ongoing basis to compensate for the higher raw material costs."

In the corresponding announcement for the quarter ended 30 June 2008, Ciba's CEO stated that:

"The half year results were unquestionably disappointing. We experienced intense margin pressure from the escalation of raw material and energy costs, which went up 10 per cent. in the second quarter alone, with the heaviest impact in April and May. However, by mid June, we were able to offset these higher costs with sales prices increases and we are seeing further significant sales price increases coming through in July."

"Business conditions going into the second half clearly remain a challenge. We are experiencing a deterioration in some markets, particularly in Europe, however, we are also seeing continued robust growth in other regions, notably in Asia, where we have a strong market position. Overall, based on our current market forecasts, raw material costs and foreign exchange rates; we believe the outlook we communicated at the first quarter, is achievable with the margin improvements that are coming through from the increased sales prices in the second half. However, should business conditions worsen further, the results may be lower than we are currently anticipating."

Indeed, in order to achieve the full-year performance forecast in the Management Projections, H2 2008 EBIT will have to be approximately double H1 2008 EBIT. The following table illustrates this, along with the historical half-yearly trend in EBIT:

Figure 2: Historical Half-year Performance and Expected H2 2008 Performance

		Reported EBIT (CHFm)[1]	Half-on-half Change (%)	Like-for-like Change (%)
2005A	H1	247		
	H2	262	*6.1%*	
2006A	H1	260	*(0.8%)*	*5.3%*
	H2	271	*4.2%*	*3.4%*
2007A	H1	273	*0.7%*	*5.0%*
	H2	279	*2.2%*	*3.0%*
2008A	**H1**	**161**	***(42.3%)***	***(41.0%)***
2008E	**H2**	**323**	***100.6%***	***15.8%***

Source: Ciba financial reports and Management Projections

Note: (1) Before restructuring, impairment and other charges

Research analysts have commented as follows on the achievability of management's outlook:

Analyst	Date	Commentary
JPMorgan	20-Aug-08	*"To achieve the target of a 15% drop in FY EBIT, we estimate Ciba would have to generate a 10% YoY increase in H2 (vs -61% in Q2, -41% in H1). Given a likely further increase in input costs in Q3, and further slowdown in Europe (45% of sales), such a sharp turnaround seems unlikely. Our 17% lowered forecast is for a 34% drop in FY EBIT."*
Deutsche Bank	20-Aug-08	*"With H1 EBIT already down 41%, the guidance[1] assumes a strong recovery in H2 08 based on sharply improved pricing. We see this as unlikely and… we assume a 34% EBIT decline in 2008.* *"The lack of price power remains the problem and while management flagged on the conference call that more will be done in H2 08 in the current macro climate we see this as highly unlikely. For management to hit guidance it would imply H2 08 EBIT up 10% year-on-year and up 91% versus H1 08. We struggle to see how this could occur unless management really can deliver on the 8% price increases in H2 – something we see as highly unlikely given Ciba's weak pricing history."*

Notes: (1) i.e. a year-on year decline in EBIT of 15% for 2008, resulting in an EBIT of approximately CHF 469 million

IV. VALUATION

A. Financial Data

Ciba's financial year runs from January to December and the Company presents its financial statements in Swiss Francs ("CHF"). In addition to its fully-audited annual report, Ciba releases unaudited quarterly financial statements (press releases and supplementary tables); for Q2/H1, a fuller unaudited interim report is also produced.

The Fairness Opinion relies upon two sources of projected financial data for the Company:

(i) The Management Projections (the basis for the preparation of which is described in section II, "Information Basis") which run from 2008 to 2013; and

(ii) Market projections based on (a) consensus equity research analyst estimates sourced from IBES and (b) individual equity research analyst projections.

Where appropriate, the valuation methods used (as described below in "Valuation Methods") have been applied to each of these sets of projected financial data, and two separate valuation ranges derived.

B. Valuation Methods

The valuation benchmarks and methods employed were:

(i) Share price development and analyst target prices;

(ii) Comparable quoted companies analysis;

(iii) Comparable transactions analysis; and

(iv) Discounted cash flow ("DCF") analysis.

The above methods were used to determine Ciba's Enterprise Value and/or its Equity Value. In situations where the Enterprise Value was determined, financial debt, unfunded pension obligations (post-tax), environmental provisions and minority interests were deducted from, and cash and investments in associates added to, the result, in order to calculate the Equity Value. The equity value per Ciba share was obtained by dividing the Equity Value by the number of Ciba shares outstanding, excluding treasury shares and assuming dilution by in-the-money share options according to the treasury stock method ("Diluted Shares Outstanding").

The application of the valuation methodologies used is subject to the restrictions and limitations set out herein, in particular the fact that such valuation methodologies were applied to Ciba on a purely standalone basis, excluding the impact of any potential synergies.

Share Price Development and Analyst Target Prices

A review of the development of the Company's share price was undertaken, and the "target prices" published by equity research analysts covering Ciba were noted. (A target price can generally be taken to mean the value an equity research analyst expects a company's share price to reach within a 12-month time-frame on a theoretical basis, and is approximately equivalent to a per-share valuation of the company).

Comparable Quoted Companies Analysis

An analysis of quoted companies deemed comparable to Ciba was undertaken in order to derive the relationship between the Enterprise Value or the current market capitalisation, as applicable, of these companies and selected forecast financial results. In this case, all of the comparable quoted companies used were Specialty Chemicals companies.

In order to determine current trading multiples, the Enterprise Value or current market capitalisation of each company was divided by the estimated results (EBITDA, net income) for 2008 and 2009, as based on consensus analyst forecasts sourced from IBES. The multiples derived from this analysis were applied to the corresponding Management Projections and consensus equity research analyst forecasts for Ciba.

Comparable Transactions Analysis

Similar to the analysis conducted in respect of comparable quoted companies, an analysis of comparable transactions estimates the Enterprise Value of Ciba by applying derived multiples to the Company's financial results. The transaction multiples are ascertained by dividing the acquisition price for each target (Enterprise Value) by the most recent historical results (Sales, EBITDA) of the target in question at the time of the transaction. The transaction multiples illustrate the prices which have been paid for similar companies in the past and therefore, by implication, what a potential buyer may be willing to pay for Ciba.

The criteria applied in the selection of the comparable transactions in this case were as follows:

(i) Industry: Specialty Chemicals

(ii) Product offering: comparable to that for at least one of the business segments of Ciba

(iii) Geography: worldwide, although application of the other criteria resulted in a selection of purely European-domiciled targets

(iv) Size: transaction value in excess of $500 million

IV. VALUATION (continued)

(v) Stake acquired: majority (i.e. acquisition of a shareholding in excess of 50 per cent. or other evident form of control), except where an example involving the acquisition of a minority stake was thought to be particularly relevant

(vi) Status: only completed transactions

(vii) Period: the earliest transaction reviewed took place in January 2003

The relevance of this valuation method is highly dependent on the individual circumstances of each transaction:

(i) The relative strategic strengths of the transaction participants

(ii) The premium paid for control of the target

(iii) The nature of the acquisition process itself (e.g. competitive auction)

(iv) The conditions prevailing in the Specialty Chemicals industry, in the wider economy and in the capital markets at the time of the transaction

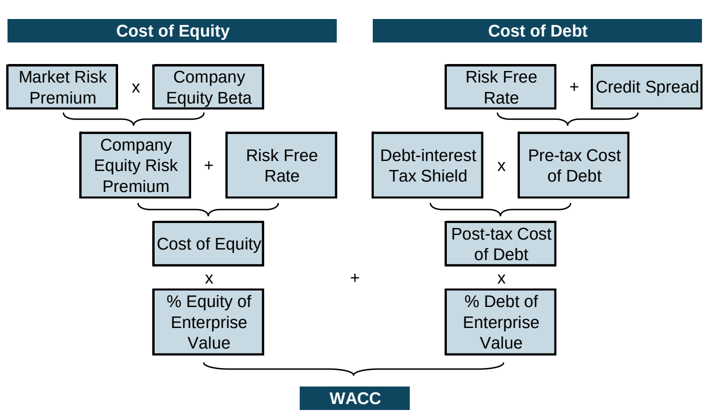
(v) The financial situation of the target

(vi) The accuracy of the reporting of the transaction by the participants and the financial press

Discounted Cashflow ("DCF") Analysis

The DCF valuation method determines the Enterprise Value of a company by discounting the estimated future unlevered free cash flows (i.e. unlevered operating cash flows less capital expenditures) by the weighted average cost of capital ("WACC"). The cash flows are typically forecast over the medium term. Thereafter, a terminal value is determined on the basis of long-term assumptions. The WACC is calculated (as illustrated below) based on the required rate of return on equity (calculated using the capital asset pricing model), the future anticipated cost of debt, the long-term target capital structure and the company's long-term tax rate.

Figure 3: Composition of WACC



IV. VALUATION (continued)

The risk-free interest rate is derived from the yield available on long-term government bonds. Investors require a higher rate of return when investing in equities than when investing in government bonds, on account of their different risk characteristics. Measured over a long period of time, the difference between the return available from equity markets and that available from (virtually) risk-free government bonds is used to determine the market risk premium.

To derive the terminal value we have normalised the unlevered free cashflow in the final year of the forecast period and monetised it based on an assumed perpetuity growth rate ("PGR") (unlevered free cashflow × (1 + PGR) / (WACC – PGR)). The terminal value so derived is then expressed in present value terms by discounting the figure using the WACC.

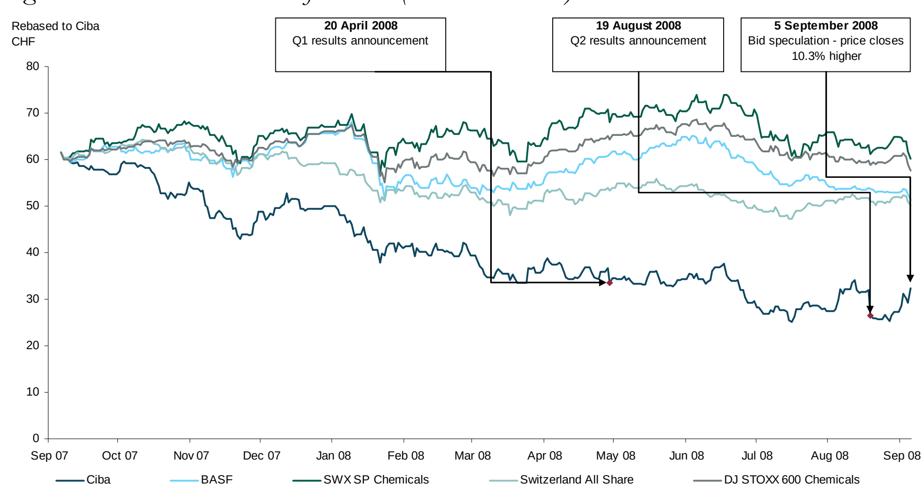
C. Valuation of Ciba

The valuation ranges derived from each of the valuation methods described above, applied to both the Management Projections and consensus equity research analyst forecasts where appropriate, are as follows:

Ciba Share Price Analysis and Equity Research Analysts' Target Prices

The difficult market environment discussed earlier, with its specific impact on Ciba as described in the Company's last two quarterly results announcements, has accompanied an ongoing decline in the Company's share price over the past 12 months:

Figure 4: Ciba Share Price Performance (Last 12 months)

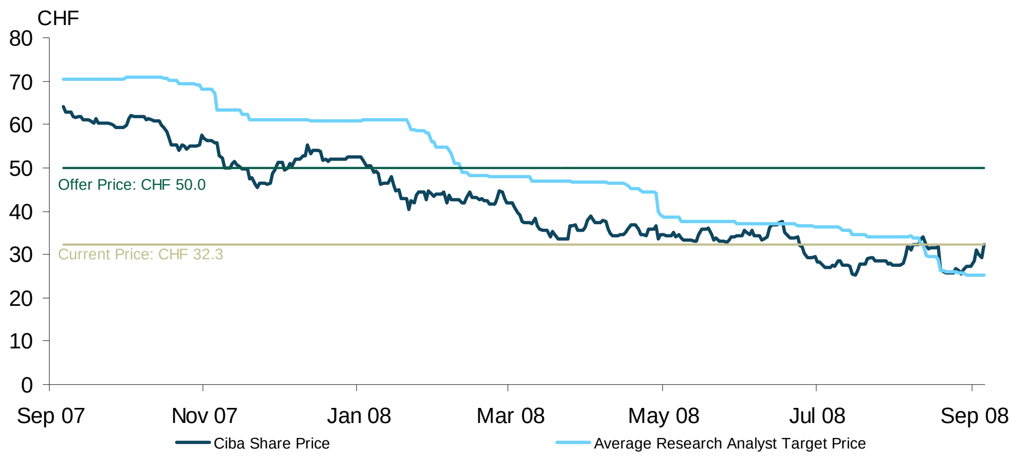


Notes: Share prices to 5 September 2008. Ciba and BASF share prices adjusted for dividends

The trading range over the last 12 months for Ciba shares is CHF 25.2 to CHF 64.4.

Analysts target prices have declined over the last 12 months in line with the share price:

Figure 5: Average Research Analyst Target Price Evolution



Notes: FactSet, Reuters estimates, as at 5 September 2008

The current range of research analyst target prices is CHF 18.0 to CHF 38.0, although we note that Goldman Sachs has published a theoretical acquisition price for Ciba of CHF 40.0.

Further details of the research analyst target prices reviewed are given in the Appendix.

Comparable Quoted Companies Analysis

For the valuation of Ciba, comparable quoted companies operating in the Specialty Chemicals sector were selected (based on the criteria previously described) and analysed on the basis of market conditions applying on 4 September 2008, the day prior to speculation that Ciba might be a takeover target for BASF or another potential buyer.

The most recently published financial statements were used to determine the net debt, value of minority interests, value of investments in associates and the diluted number of shares outstanding for each comparable company. The net debt for each company was adjusted to include current environmental provisions and the post-tax value of any unfunded pension obligations (defined as the excess of the present value of future plan obligations over the present value of plan assets, as sourced from each company's latest annual report). Market forecasts (EBITDA and EPS) for the years ending 31 December 2008 and 2009 were sourced from current consensus equity research analyst estimates provided by IBES; EBITDA estimates were further adjusted by adding back the non-service element of pension expense as disclosed in each company's latest annual report.

The multiples calculated were as follows:

Figure 6: Comparable Company Trading Multiples

Company Name	Adj. EV/EBITDA 2008E	Adj. EV/EBITDA 2009E	P/E 2008E	P/E 2009E
DSM	6,1x	6,0x	9,8x	9,7x
Lanxess	4,8	4,6	7,8	8,1
Arkema	5,1	4,7	9,4	8,5
Altana	5,9	5,8	11,9	11,2
Clariant	5,0	4,8	8,0	6,5
Rhodia	5,2	5,0	7,1	5,9
Max	**6,1x**	**6,0x**	**11,9x**	**11,2x**
Min	**4,8**	**4,6**	**7,1**	**5,9**

Source: *IBES, FactSet as at 4 September 2008*

Given the broad range of net income multiples so derived, it was determined to employ only the range given by the EBITDA multiples in the valuation analysis.

Based on the Management Projections, employing the methodology previously described resulted in a valuation range of CHF 17.7 to CHF 43.2 per Ciba share.

Based on consensus equity research analyst EBITDA forecasts sourced from IBES, employing the same methodology resulted in a valuation range of CHF 11.3 to CHF 27.8 per Ciba share.

Taking the averages of the upper and lower limits for these two ranges, our overall valuation range for the Comparable Quoted Companies analysis is CHF 14.5 to CHF 35.5 per Ciba share.

IV. VALUATION (continued)

Comparable Transactions Analysis

To perform this analysis, the Enterprise Value of each target company was ascertained and the Enterprise value/EBITDA calculated from the most recent historical financial results prior to the completed transaction. For some transactions, it was not possible to obtain the data required to calculate these multiples. For other transactions, even though they were comparable in terms of industry sector, certain "special factors" limited their use in our valuation analysis (e.g. Akzo Nobel/ICI, which was excluded from the analysis due to its size and the significantly different nature of ICI's business). The multiples used in our valuation and the relevant Ciba business segments to which they are comparable are as follows:

Figure 7: Comparable Transaction Multiples

Date	Acquiror	Target	Transaction Value / LTM EBITDA	Applicable Business Segment(1)
Jul 08	Ashland	Hercules	8.4x(2)	WPT
Aug 07	Consortium	Kemira (32.1% stake)	8.9x	WPT + CE
Jul 07	CVC	Taminco	n/a	WPT
Jul 06	Kemira	Cytec water treatment	n/a	WPT
Jun 06	Croda	Uniqema	8.1x	CE + PA
Oct 05	PAI	Sydsvenska Chemie	7.9x	CE + PA
Aug 05	Altana	Eckart	8.6x	CE
Jul 05	CVC	Flint Ink	n/a	CE
Apr 05	TPG	British Vita	8.0x	PA
Feb 05	Kemira	Finnish Chemicals	n/a	WPT
Apr 04	Lubrizol	Noveon	8.8x	CE + (PA)
Nov 03	TPG	Kraton	7.0x	PA
		Max	**8.9x**	
		Min	**7.0x**	

Notes: *(1) CE = Coating Effects; PA = Plastic Additives; WPT = Water and Paper Treatment; bracketed if less relevant*
(2) Excludes contingent liabilities related to asbestos litigation

Applying the above multiple range to the Management Projections, using the methodology described above, resulted in a valuation range of CHF 46.0 to CHF 70.6 per Ciba share.

On the basis of the consensus equity research analyst forecasts sourced from IBES for the year ending 31 December 2008, using the same multiple range resulted in a valuation range of CHF 37.3 to CHF 59.5 per Ciba share.

Taking the averages of the upper and lower limits for these two ranges, our overall valuation range for the Comparable Transactions Analysis is CHF 41.7 to CHF 65.0 per Ciba Share.

IV. VALUATION (continued)

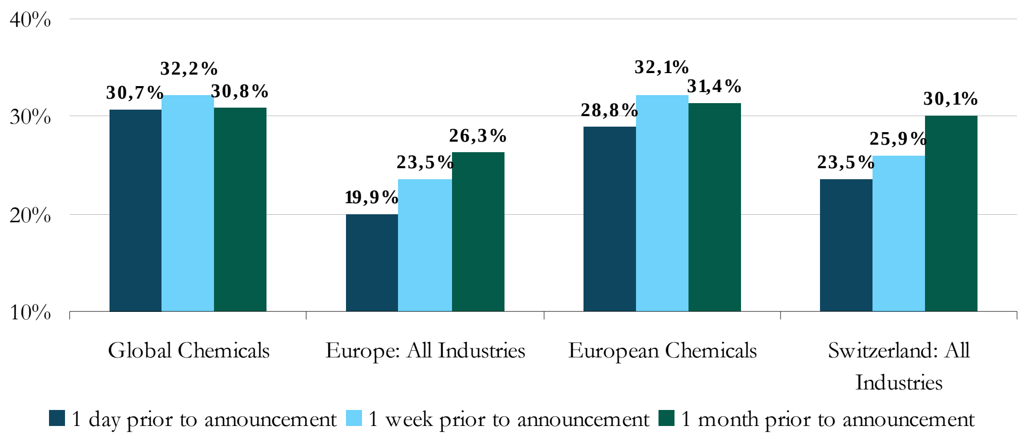
The EBITDA projection for the year ending 31 December 2008 was used in each case as it is unlikely that a transaction would close before the end of 2008.

Takeover Premia Analysis

The Offer represents a premium of 70.9 per cent. to Ciba's closing price of CHF 29.26 on 4 September 2008, the day prior to speculation that Ciba might be a takeover target for BASF or another potential buyer(1).

Applying the full offer premium range of 19.9% - 32.2%, determined from the analysis in Figure 8 below, to the CHF 29.26 pre-speculation share price results in a valuation range of CHF 35.1 to CHF 38.7 per Ciba share.

Figure 8: Average Takeover Premia in Precedent Transactions



Source: *Thomson Financial*

Note: *Analysis based on precedent transactions since 2003 with transaction values of over $1 billion*

(1) For reference, the 1-month volume-weighted average price to 4 September 2008 was CHF 29.3

IV. VALUATION (continued)

Valuation based on DCF Analysis

We have run two separate 5-year DCF analyses based on (i) the Management Projections (from 2009 to 2013, assuming that the transaction closes on 31 December 2008); and (ii) consensus equity research analyst forecasts.

WACC Assumptions

The table below outlines the key assumptions used to derive the Company's WACC, calculated using the steps described in Section B ("Valuation Methods") above.

Figure 9: Key DCF WACC Assumptions

	Value	Description
Risk-free rate	4.1%	Weighted average yield of 10-year government bonds based on Ciba's geographic distribution of sales[(1)]
Unlevered beta	0.78	Average of the unlevered betas for Ciba's peers[(2)(3)]
Market risk premium	5.6%	Weighted average of country equity risk premia based on Ciba's geographic distribution of sales[(4)]
Target capital structure	55.4%	Based on the average for Ciba's peers[(3)]
Cost of debt	7.1%	Based on the credit margin implied by Ciba's S&P credit rating of BBB-
Long-term tax rate	30.0%	Ciba's long-term tax rate, according to Ciba management

Notes: *(1) Only 1.3% of Ciba's 2007 revenue originates from Switzerland, while approximately 44% originated from the rest of Europe, almost 18% from the United States, 9% from the rest of the Americas and 27% from Asia. Furthermore, very few of the Company's expenses are incurred in Switzerland. Therefore, a global revenue-weighted risk free rate was derived based on each respective national government's 10 year bond*

(2) Source: Bloomberg

(3) Ciba's peers defined as Altana, Arkema, Clariant, DSM, Lanxess and Rhodia

(4) Applying the same methodology as for the risk free rate, a global revenue-weighted equity risk premium was derived. Individual country risk premia were sourced from Ibbotson

The resulting WACC, based on the above assumptions, is 8.27%.

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IV. VALUATION (continued)

Terminal Value Assumptions

The terminal value, discounted to present value, was calculated based on an assumed perpetuity growth rate ("PGR") (unlevered free cash flow in final forecast year × (1 + PGR) / (WACC – PGR)). The PGR is assumed to be circa 1.5 per cent., which is in line with consensus equity research analyst forecasts for Ciba and its peers, as defined above, as well as with equity research analysts' DCF assumptions. A range of values based on the DCF is achieved by sensitising the PGR when calculating the terminal value:

Figure 10: Value per Ciba Share at a WACC of 8.27%

	Value per share (CHF)	
PGR	**Management Projections**	**Research Analyst Consensus**
1.25%	80.4	33.5
1.50%	83.8	35.6
1.75%	87.5	37.9

Valuation

Based on a WACC of 8.27 per cent. and a PGR range of 1.25 to 1.75 per cent., the DCF analysis, based on the Management Projections, results in a value range of CHF 80.4 to CHF 87.5 per Ciba share.

Using the same WACC and PGR range, the value range based on the consensus equity research analyst forecasts is CHF 33.5 to CHF 37.9 per Ciba share.

Taking the averages of the upper and lower limits for these two ranges, our overall valuation range for the DCF analysis is CHF 56.9 to CHF 62.7 per Ciba share.

V. OPINION

Valuation range

Having considered the valuation ranges given by each of the valuation methods described above, Perella Weinberg Partners arrived at a fair equity value range of CHF 44.6 to CHF 55.5 per Ciba share.

To arrive at the upper and lower limits of this range, we have taken the average of the upper and lower limits, respectively, of the valuation ranges derived from the Comparable Transactions, Takeover Premia and DCF analyses.

Opinion

Based upon and subject to the foregoing, Perella Weinberg Partners is of the opinion that, as at 5 September 2008, the Offer is fair, from a financial point of view, to Ciba shareholders.

London, 15 September 2008
Perella Weinberg Partners UK LLP

VI. APPENDIX

Research Analyst Target Prices

Broker	Date	Recommendation	Target Price (CHF)	Premium/(Discount) to unaffected price[1]
Goldman Sachs[2]	03-Sep-2008	Hold	26,00	(11,1%)
Bank Vontobel	29-Aug-2008	Hold	31,00	5,9%
Sal Oppenheim	29-Aug-2008	Hold	26,50	(9,4%)
UBS	27-Aug-2008	Sell	25,00	(14,6%)
JPMorgan	26-Aug-2008	Sell	20,00	(31,6%)
Helvea	22-Aug-2008	Hold	31,00	5,9%
Merrill Lynch	21-Aug-2008	Sell	19,00	(35,1%)
Exane	20-Aug-2008	Sell	18,00	(38,5%)
Lehman Bros	19-Aug-2008	Sell	38,00	29,9%
Collins Stewart	19-Aug-2008	Sell	22,00	(24,8%)
Credit Suisse	19-Aug-2008	Sell	22,00	(24,8%)
Société Générale	19-Aug-2008	Hold	28,00	(4,3%)
Deutsche Bank	19-Aug-2008	Hold	25,00	(14,6%)
Citigroup	19-Aug-2008	Sell	25,00	(14,6%)
UniCredit	19-Aug-2008	Sell	21,00	(28,2%)
		Unaffected	**29,26**	
		Max	**38,00**	**29,9%**
		Min	**18,00**	**(38,5%)**

Notes: *(1) Unaffected price as at 4 September 2008*

(2) Standalone valuation of CHF 24. Target price of CHF 26 includes 10% M&A probability weighting using an assumed "take-out price" of CHF 40

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