



Ciba



BASF Handels- und Exportgesellschaft mbH, Ludwigshafen, Germany («**BASF**»), intends to submit on or around October 1, 2008 a public tender offer (the «**Tender Offer**») pursuant to articles 22 et seq. of the Federal Act on Stock Exchanges and Securities Trading (*Bundesgesetz über die Börsen und den Effektenhandel*) for all publicly held registered shares (*Namenaktien*) of Ciba Holding AG, Basel («**Ciba**»), with a nominal value of CHF 1 each (the «**Ciba Shares**»). On September 12, 2008, the last trading day prior to this pre-announcement, BASF held 1,011,536 Ciba Shares.

BASF is a direct subsidiary of BASF SE, Ludwigshafen, Germany («**BASF SE**»). BASF SE guarantees all obligations of BASF under the Tender Offer.

The Tender Offer is expected to be made on the following main terms:

#### Object of Tender Offer

The Tender Offer extends to all publicly held Ciba Shares which are in issue on the date of this pre-announcement and which will be issued until the expiration of the additional acceptance period.

#### Offer Price

The offer price for each Ciba Share (the «**Offer Price**») is **CHF 50** net, less the gross amount of any dilution effects becoming effective prior to the settlement of the Tender Offer, including any dividend payments, repayments of capital, capital increases at an issue price below the Offer Price, issuance of options or conversion rights and similar transactions. The Offer Price will not be adjusted for any dilution effects resulting from the transfer of up to 612,925 own Ciba Shares to Ciba employees under the current Ciba employee participation plans.

#### Offer Period

The offer prospectus (*Angebotsprospekt*) is expected to be published on October 1, 2008. The Tender Offer will remain open for a period of 20 trading days, that is, presumably from October 1 until October 28, 2008, 4.00 PM Central European Time (CET) (the «**Offer Period**»). BASF reserves the right to extend the Offer Period once or several times. If the Tender Offer becomes unconditional (*Zustandekommen*), an additional acceptance period of 10 trading days will run.

#### Conditions

The Tender Offer is expected to be subject to the following conditions:

- (a) Until the expiration of the (possibly extended) Offer Period, Ciba Shares which have been validly tendered to BASF, together with the Ciba Shares which BASF may already hold at that time, represent at least 66.67% of all Ciba Shares issued at the expiration of the Offer Period.
- (b) To the extent required, the competent competition authorities have granted all approvals and/or clearances required for the takeover of Ciba by BASF and all respective waiting periods have expired or been terminated, without imposing any conditions or undertakings on BASF or Ciba or making those approvals and/or clearances subject to any conditions or undertakings that, individually or together with other circumstances or events, in

#### Pre-Announcement of the Public Tender Offer by BASF Handels- und Exportgesellschaft mbH

for all publicly held registered shares with a nominal value of CHF 1 each of

#### Ciba Holding AG, Basel

the opinion of an independent audit firm or investment bank of international repute to be appointed by BASF, are reasonably likely to have any of the following effects on Ciba or BASF including their respective direct and indirect group companies:

- (i) a reduction in the annual consolidated sales in the (equivalent) amount of CHF 650 million (corresponding to approximately 10% of the consolidated sales of Ciba for the period ending December 31, 2007, to be calculated in local currency or comparable exchange rates) or more; or
  - (ii) a reduction in the annual consolidated operating income (i.e., consolidated earnings before interest, tax and restructuring respectively impairment, «**EBIT**») in the (equivalent) amount of CHF 90 million (corresponding to approximately 20% of the consolidated EBIT after restructuring respectively impairment of Ciba for the period ending December 31, 2007, to be calculated in local currency or comparable exchange rates) or more.
- (c) The shareholders' meeting of Ciba has validly resolved (i) to cancel all paragraphs of Art. 5 (*Aktienbuch und Eintragungsbeschränkungen, Nominees*) of the articles of association of Ciba, with the exception of the first paragraph and the first sentence of the second paragraph thereof, (ii) to delete Art. 15 par. 3 of the articles of association of Ciba, and (iii) to delete the words «*und die Aufhebung einer solchen Beschränkung sowie die Beschränkung der Ausübung des Stimmrechts gemäss Art. 5 Abs. 8 und die Aufhebung dieser Beschränkung*» of Art. 19 lit. c) (*Besonderes Quorum*) of the articles of association of Ciba, and those amendments to the articles of association have been validly registered in the commercial register.
  - (d) Subject to the condition that the shareholder's meeting of Ciba will pass the resolutions pursuant to condition (c) and all other conditions of the Tender Offer will be satisfied or waived, the board of directors of Ciba has resolved to enter BASF or any other company designated by BASF and controlled by BASF SE into the share register of Ciba with voting rights in respect of all Ciba Shares that it has acquired or will acquire.
  - (e) Subject to the condition that all other conditions of the Tender Offer will be satisfied or waived, a shareholder's meeting of Ciba has elected the persons designated by BASF to the board of directors of Ciba.
  - (f) From the date of the pre-announcement until the expiration of the (possibly extended) Offer Period, no circumstances or events have occurred or become known that, individually or together with other circumstances or events, in the opinion of an independent audit firm or investment bank of international repute to be appointed by BASF, are reasonably likely to have any of the following lasting effects for Ciba and its direct and indirect subsidiaries:
    - (i) a reduction in the annual consolidated sales in the (equivalent) amount of CHF 650 million (corresponding to approximately 10% of the consolidated sales of Ciba for the period ending December 31, 2007, to be calculated in local currency or comparable exchange rates) or more;
    - (ii) a reduction in the annual consolidated EBIT in the (equivalent) amount of CHF 90 million (corresponding to

approximately 20% of the consolidated EBIT after restructuring respectively impairment of Ciba for the period ending December 31, 2007, to be calculated in local currency or comparable exchange rates) or more;

- (iii) a reduction in the consolidated equity in the (equivalent) amount of CHF 330 million (corresponding to 10% of the equity of Ciba as of December 31, 2007, excluding differences resulting from foreign currency translations and changes in the funded status of a benefit plan in accordance with FAS 158) or more.
- (g) The shareholders' meeting of Ciba has not resolved or approved any dividend or capital reduction or any acquisition, de-merger or other disposal of assets, in each case with a value or for a consideration of CHF 880 million (corresponding to 10% of the consolidated assets of Ciba as of December 31, 2007) or more, or any merger or ordinary, authorised or conditional increase of the share capital of Ciba.
- (h) With the exception of the obligations which have been made public prior to this pre-announcement, since December 31, 2007, Ciba and its direct and indirect subsidiaries have not undertaken to acquire or sell any assets or incur or repay any indebtedness in the amount of CHF 880 million (corresponding to 10% of the consolidated assets of Ciba as of December 31, 2007) or more.
- (i) No judgement, order or other authoritative measure has been issued which prohibits or declares illegal the Tender Offer or the consummation thereof.

BASF reserves the right to waive, in whole or in part, one or more conditions.

#### Offer Restrictions

The public tender offer (*Öffentliches Kaufangebot*) described in this pre-announcement is not being made directly or indirectly in any country or jurisdiction in which such offer would be considered unlawful or in which it would otherwise violate any applicable law or regulation, or which would require BASF to amend the terms or conditions of the public tender offer in any way, or which would require to make any additional filing with or take any additional action with regard to any governmental, regulatory or legal authority. BASF does not intend to extend the public tender offer to any such country or jurisdiction. Documents relating to the public tender offer may not be distributed in such countries or jurisdictions or sent into such countries or jurisdictions and may not be used for purposes of soliciting the purchase of any securities of Ciba by any person or entity in such countries or jurisdictions.

#### Notice to U.S. Holders

The public tender offer described in this pre-announcement is being made for the securities of Ciba, a Swiss company, and is subject to Swiss disclosure requirements, which are different from those of the United States. U.S. holders of shares of Ciba are encouraged to consult with their own Swiss advisors in connection with the tender offer.

The receipt of cash pursuant to the public tender offer by a U.S. holder of shares of Ciba may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other tax laws. Each shareholder of Ciba is urged to consult his independent professional adviser immediately regarding the tax consequences of acceptance of the public tender offer.

It may be difficult for U.S. holders to enforce their rights and any claim arising out of U.S. federal securities laws, since BASF and Ciba are each located in a non-U.S. jurisdiction, and some or all of their officers and directors may be residents of a non-U.S. jurisdiction.

U.S. holders may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

BASF and any of its affiliates and any advisor, broker or financial institution acting as an agent or for the account or benefit of BASF may, subject to applicable Swiss and U.S. securities laws, rules and regulations and pursuant to exemptive relief granted by the U.S. Securities and Exchange Commission from Rule 14e-5 under the Securities Exchange Act of 1934, as amended (the «**Exchange Act**») make certain purchases of, or arrangements to purchase, shares of Ciba from shareholders of Ciba who are willing to sell their shares of Ciba outside the public tender offer from time to time, including purchases in the open market at prevailing prices or in private transactions at negotiated prices. BASF will disclose promptly any information regarding such purchases of shares of Ciba in Switzerland and the United States through the electronic media, if and to the extent required under applicable laws, rules and regulations in Switzerland.

#### American Depositary Receipts

The public tender offer described in this pre-announcement is not being addressed to holders of Ciba American Depositary Receipts («**ADRs**»). Holders of ADRs who wish to participate in the public tender offer should present their ADRs to Citibank, N.A., the Depositary Bank responsible for the ADR program (the «**U.S. Depositary**»), for cancellation and (upon compliance with the terms of the deposit agreement relating to the ADR program, including payment of the U.S. Depositary's fees and any applicable transfer fees, taxes and governmental charges) delivery of shares of Ciba to them, in order to become shareholders of Ciba. The public tender offer may then be accepted in accordance with this offer prospectus for the shares of Ciba delivered to holders of ADRs upon such cancellation.

#### Information

Detailed information regarding this Tender Offer is expected to be published on or around October 1, 2008 in the same place as this pre-announcement.

#### Identification

Registered shares with a nominal value of CHF 1 each of Ciba Holding AG  
Security-number: 581972  
ISIN: CH0005819724  
Ticker-Symbol: CIBN

#### Financial Advisor



#### Offer Manger



Private Banking  
Investment Banking  
Asset Management

Performance creates trust