

Clariant International Ltd
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Media Release

Clariant International Ltd

Clariant Adjusts Structure to Economic Downturn and Commences Further Restructuring

- Sales of CHF 8.1 billion in 2008, up 1% in local currencies
- 2008 Operating Income and Cash Flow from Operations in-line with guidance
- Clariant prepares for further restructuring in 2009, takes an impairment of approx. CHF 180 million and proposes not to pay a dividend

Muttenz, January 27, 2009 – Clariant, a world leader in specialty chemicals, today announced sales of CHF 8.1 billion for the Full Year 2008 compared to CHF 8.5 billion in 2007. This translates into a 1% growth in local currency and a 5% decline in CHF. Full year guidance on EBIT and Cash Flow was met with an operating margin before exceptionals in the range of 6.5% to 6.8% and a cash flow from operations of approximately CHF 400 million. These unaudited results allowed Clariant to further strengthen its balance sheet and reduce its net debt by the end of 2008.

Clariant went through two distinct phases during fiscal year 2008. In the first nine months, the company continued to benefit from the then-stable economic environment. The focus on improving operational performance and restructuring paid off. In the fourth quarter, Clariant was significantly impacted by an unprecedented decline in global economic activity. The demand in some of Clariant's customer industries such as textile, leather, automotive and construction decreased dramatically in line with the overall development of the world economy. Other markets such as agrochemicals, oil services or de-icing showed resilience against the downturn.

As a result of the deterioration of the leather and textile markets and their uncertain evolution in 2009, Clariant revised the plans for these two businesses, which led to an impairment of approximately CHF 180 million to be booked in Q4, 2008.

Clariant has reacted immediately to the unfavorable demand development by slowing or shutting down production in the businesses that have been impacted, using instruments such as releasing temporary workforce, reducing overtime, compulsory holiday periods and short time work.

Going forward, Clariant will adapt its structures to the economic situation and by the same token address the performance gap towards its peers by decisively downsizing the company and reducing expenditure – in particular SG&A costs. Clariant plans to substantially decrease personnel costs and as a first step reduce an additional thousand job positions mainly in the SG&A area. This is in addition to the approximately 2,200 headcount reduction announced in 2006 and almost completed by the end of 2008. The clear focus in 2009 will be on cash generation.

In line with this focus on cash generation, the Board of Directors will recommend to Clariant's 14th General Assembly on April 2 not to pay dividends, grants and other shareholder payouts for 2008.

Details on Clariant's audited Full Year 2008 results and restructuring measures will be released on February 17.

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Clariant – Exactly your chemistry.

Clariant is a global leader in the field of specialty chemicals. Strong business relationships, commitment to outstanding service and wide-ranging application know-how make Clariant a preferred partner for its customers.

Clariant, which is represented on five continents with over 100 group companies, employs around 20,000 people. Headquartered in Muttenz near Basel, Switzerland, it generated sales of CHF 8.1 billion in 2008. Clariant's businesses are organized in four divisions: Textile, Leather & Paper Chemicals, Pigments & Additives, Masterbatches and Functional Chemicals.

Clariant is committed to sustainable growth springing from its own innovative strength. Clariant's innovative products play a key role in its customers' manufacturing and treatment processes or else add value to their end products. The company's success is based on the know-how of its people and their ability to identify new customer needs at an early stage and to work together with customers to develop innovative, efficient solutions.

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