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February 26, 2004
Basel, Switzerland

News release

Ciba Specialty Chemicals Annual General Meeting 2004

- **Payout to shareholders of 3 CHF per share through reduction in nominal share value**
- **Capital reduction through cancellation of 1,303,500 shares approved**
- **Ciba Specialty Chemicals is well positioned for economic upturn with improved cost and capital base**
- **Strong position in Asia will be further developed**

At the seventh Annual General Meeting of February 26, 2004, in Basel, Switzerland, the shareholders of Ciba Specialty Chemicals Holding Inc. approved all the motions proposed by the Board of Directors. The 1,198 shareholders present represented 13,688,098 of the votes, or 18.98 percent of the 72,130,117 registered shares.

The Annual General Meeting approved the proposal by the Board of Directors to reduce the nominal value of each share by 3 CHF and to repay this amount per share, which is for the shareholders a tax attractive form of payment. The payout is expected to be made on May 14, 2004. The total payment to the shareholders therefore will be for the third time now, CHF 3. The cancellation of 1,303,500 shares, which will enhance share value, also met with the approval of the shareholders. The nominal share capital required to have an item put on the agenda will be reduced to reflect the lower nominal share value so that 100,000 shares are again sufficient to have an item put on the agenda. Also approved, was the recreation of an authorized capital of CHF 12 million and the cancellation of the existing authorized capital.

Shareholders approved the proposals to re-elect Gertrud Höhler and Armin Meyer to the Board for another four years.

Ernst & Young AG, Zurich, was confirmed as auditor and group auditor.

Presidential Address from Armin Meyer

Armin Meyer, Chairman of the Board and Chief Executive Officer of Ciba Specialty Chemicals, emphasized the further strengthened position of the company in 2003 in

his address. "We have held up well in a difficult environment and have a reliable and solid operational base. Our targeted efforts to reduce net current operating assets and to generate more cash were very successful. With this considerably improved cost and capital base, Ciba is well positioned for an economic upturn. If a sustainable economic recovery takes place we will be able to translate this directly into substantially improved net income and margins."

In the second part of his address, Meyer reported on the progress of the program for long-term profitable growth 'Managing for Growth', which was started in 2003. Twenty-nine projects were started in the areas of cross-segment sales, geographic growth markets, integrated solutions, innovation, education and acquisition. Ciba Specialty Chemicals expects that these projects will already show the first positive results this year and that in 2005 that they will be even more notably effective.

The geographic growth markets make up one of the main pillars of 'Managing for Growth', in particular Asia. Armin Meyer: "The significance of Asia for the future of Ciba Specialty Chemicals can scarcely be overestimated. With a sales share of 28 percent in Asia-Pacific, Ciba already has a leading position in our industry. We will further develop our activities in Asia, in order to remain competitive in the face of sharper competition and to use the opportunities for growth that exist there. Through profitable growth our sales should mid-term be relatively evenly spread over the three areas of the world: Europe, the Americas and Asia-Pacific. Consequently we will put additional resources into the Asian markets and primarily build-up our production capacity there."

Asia as success factor

Kuno Kohler, Regional President Asia South at Ciba Specialty Chemicals, highlighted in his address the strong position and strong growth of Ciba Specialty Chemicals in Asia. From 1997 up until today, Ciba's sales in Asia have risen over 40 percent in local currencies. The real growth drivers are however, China, with a growth of nearly 140 percent and the Indian subcontinent, where sales have more than tripled.

Kohler presented various examples where Ciba Specialty Chemicals' particular strengths met the specific needs of Asia. The plastics market in China is doubling approximately every five years – an attractive market for plastic stabilizers, flame retardants and pigments. Over the next few years, China wishes to almost double the number of its water treatment plants, presenting a marketing opportunity for effective flocculants for wastewater treatment.

Kuno Kohler: "The Asian market is not uniform. Products of less than world-class quality do not stand a chance. Even in a strong growth market like China, success just doesn't fall from the sky, but has to be worked for. The combination of quality and cost advantages bring the greatest success. Whoever wants a place in worldwide business must grow in Asia. And whoever wants to grow in Asia, must learn from Asia."

Ciba Specialty Chemicals (SWX: CIBN, NYSE: CSB) is a leading global company dedicated to producing high-value effects for its customers' products. We strive to be the partner of choice for our customers, offering them innovative products and one-stop expert service. We create effects that improve the quality of life – adding performance, protection, color and strength to textiles, plastics, paper, automobiles,

buildings, home and personal care products and much more. Ciba Specialty Chemicals is active in more than 120 countries around the world and is committed to be a leader in its chosen markets. In 2003, the Company generated sales of 6.6 billion Swiss francs and invested 281 million in R&D.

Virtual news kit: www.cibasc.com/media

- Press release
- Presidential address 2004 from Armin Meyer, Chairman of the Board and CEO (pdf); slide presentation (pdf)
- Presentation "Ciba Specialty Chemicals in Asia", Kuno Kohler, Regional President, Asia South (pdf); slide presentation (pdf)
- Photo: Ciba Specialty Chemicals wants to grow further in Asia: Customer services laboratory for home- and personal care products in Shanghai, China. (jpg)

Financial calendar

- *April 29, 2004: First Quarter 2004 financial results*
- *May 14, 2004: Proposed capital reduction payment date*
- *August 12, 2004: Half Year 2004 financial results*
- *October 21, 2004: Nine Month 2004 financial results*

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Forward-looking statements

Forward-looking statements and information contained in this News Release are qualified in their entirety as there are certain important factors that could cause results to differ materially from those anticipated. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believe", "expect", "may", "are expected to", "will", "will continue", "should", "would be", "seek" or "anticipate" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such statements reflect the current views and estimates of the Company with respect to market conditions and future events and are subject to certain risks, uncertainties and assumptions. Investors are cautioned that all forward-looking statements involve risks and uncertainty. In addition to the factors discussed above, among the factors that could cause actual results to differ materially are the following: the timing and strength of new product offerings, pricing strategies of competitors, introduction of competing products by other companies, lack of acceptance of new products and services by the Company's targeted customers, changes in the Company's business strategy, the Company's ability to continue to receive adequate raw materials from its suppliers on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs, and changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis and various other factors. Furthermore, the Company does not assume any obligation to update these forward-looking statements.